EXHIBIT 6

Grenadier
EXHIBIT NO. 2
6-19-19
P. Frederickson, CSR, CCR

Deutsche Bank
Markets Research

Rating
Hold

North America
United States

Industrials
Oil & Gas Exploration & Production

Company
SandRidge Energy

Reuters	Bloomberg	Exchange	Ticker
SD.N	SD US	NYS	SD

Date
13 November 2012

Company Update

Price at 12 Nov 2012 (USD)	5.38
Price Target	5.00
52-week range	8.82 - 5.51

Doubling Down in the Miss

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Missing Barrels: Deteriorating Miss outlook takes a bite out of valuation

Friday's conference call confirmed concerns about deteriorating oil performance in the Mississippian, where a material reduction to the type curve drastically reduces equity value and exacerbates concerns regarding the timing and rationale of the proposed Permian disposition. Despite returns that are still relatively robust in the Miss, we remain unconvinced that the asset will be sufficient to dig out from under the current debt burden. We have reduced our NAV and target price from $9 to $5 and maintain our Hold rating.

Structural headwinds increasing as oil barrels go Missing

Weaker than expected oil production out of Mississippian wells (gassier wells, faster than expected oil decline) have reduced Miss. type curves by 8% (from 456 Mboe to 420 Mboe) and per well oil reserves by 25% (204 Mbbls to 155 Mbbls), offset partially by successful downspacing to 4 wells per section. The concern is less about the absolute value of the play, where returns are still attractive, but in the trends, where the 2nd reduction to date in the oil content and flat Q4 oil production guidance raise concerns of further deterioration (particularly in the extension) and worrisome capital efficiency. The move also highlights the dangers of leverage, as a ~20% change to EV resulted in a nearly 50% reduction to equity value.

Headwinds remain, with or without a Permian sale

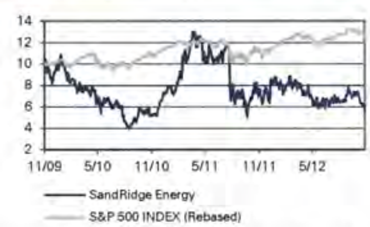
Despite the attention garnered by the proposed Permian sale, the reality is that given the step down in the Miss, the portfolio is fighting an uphill battle with or without the Permian. We estimate that assuming a sale price of $2.0-$2.5 Bn, the deal would have a generally dilutive impact on metrics (2014 Debt to EBITDA from 5.0x to 5.3x, EV/EBITDA from 6.4x to 9.9x), our estimated funding gap from 2013-2015 changes modestly, from $4 Bn to $4.2 Bn. The underlying problem is sheer size of the funding gap at the core Mississippian asset (~$850m on 2013 estimates) and the insufficiently quick pace at which that gap is closing, given ~$3.6 Bn in current net debt. At the end of the day, the biggest casualty of a Permian sale may be investors' confidence in management, with its second significant strategic change in less than a year.

Valuation and Risks

Our $5 PT is based on our Net Asset Value (NAV) at $90/$4.50 and a 10% discount rate. Upside risks include a Miss JV and better than expected Miss extension results, while downside risks include capex overruns and further Miss type curve downgrades.

Key changes		
Price Target	9.00 to 5.00 ↓	-44.4%

Price/price relative



Performance (%)	1m	3m	12m
Absolute	-25.6	-21.1	-25.9
S&P 500 INDEX	-3.4	-1.8	9.2

Forecasts And Ratios

Year End Dec 31	2011A	2012E	2013E
FY EPS (USD)	-0.00	0.21	-0.02
Revenue (USD)	1,415.2	1,963.1	2,283.0

Source: Deutsche Bank estimates, company data

[1] Includes the impact of FAS123R requiring the expensing of stock options.

Deutsche Bank Securities Inc.

Permian: To sell or not to sell?

The challenges remain the same

Despite much of the attention on the recent conference call on the proposed sale of the Permian asset, we find that the sale (or lack thereof), is unlikely to have a significant impact on the overall picture over the coming years. Although we estimate that the deal will likely be dilutive on most metrics, the near-term impact of paying down ~$1.1 Bn of debt and increasing cash on the balance sheet may prove attractive to some investors.

The reality, however, is that either way, the slow task of closing the spending gap and deleveraging just got harder with the reduction in oil volumes in the Mississippian. Although we felt that the Mississippian was gaining momentum earlier this year, our concern with SD has always been the size of the forward funding gap, and the rate of cash flow growth per debt adjusted share (and adjusted for minority interest/preferreds).

The value case has largely rested on discount to NAV, which was amongst the largest discounts in our coverage universe, while EBITDA multiples were less compelling. In the wake of the change to our crude production outlook, however, the discount has essentially evaporated, with a revised NAV of $5.00/sh, and a 2013 EBITDA multiple (adjusted for minority/preferred outflows) of 6.8x, a 50% premium to the peer group.

Below, we look at the potential impact of both the downgrade to the Miss type curve, as well as the potential impact of a sale of the Permian on financial leverage and future funding gaps.

Debt metrics: Moderately dilutive, but depends on the sale price

Under the Permian sale scenario, we modeled the sale to close in mid 2013 for $2.5 Bn, which is the high end of our estimate. Meanwhile the scenario for maintaining the Permian calls for capex to increase to $2.1 Bn in 2013 from company guidance of $1.75 Bn, funding a 12 rig program. Both scenarios incorporate a downgraded Miss type curve and CFO adjustments for minority interest and preferred dividend payments. The sale of the Permian will be accretive on a consolidated basis, however after adjusting for minority interest and preferred dividends, 2014 debt metrics become dilutive at 5.3x vs. 5.0x. Importantly, the affects of the downgraded Miss type curve results in increasing financial leverage regardless of whether SD sells the Permian or maintains the property, indicating the challenges inherent in growing cash flow in the Mississippian fast enough to delever.

Figure 1: Permian Sale Scenario

	2013e	2014e
EBITDA	1,070	1,012
EBITDA (minority int / pref adj.)	844	727
CFO	732	590
Minority	(170)	(230)
Pref Div	(56)	(56)
CF available to SD	**507**	**305**
Capex	(1,750)	(1,818)
Funding Gap	**(1,243)**	**(1,514)**
BOP Net Debt	(3,627)	(2,370)
Permian Sale Proceeds	2,500	0
EOP Net Debt incl. funding gap	**(2,370)**	**(3,884)**
Net Debt / EBITDA	2.2x	3.8x
Net Debt/ EBITDA (minority int/ pref adj.)	2.8x	5.3x

Source: Deutsche Bank

Figure 2: Maintain Permian Program Scenario

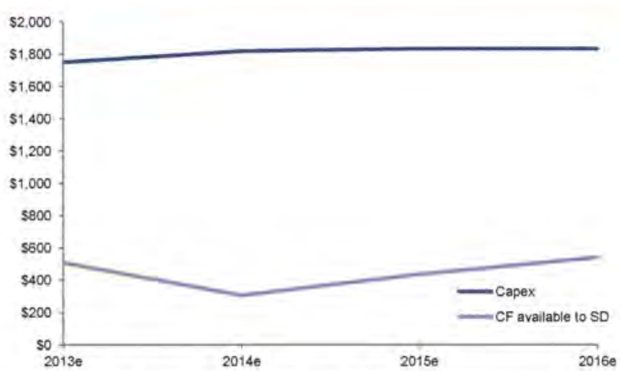
	2013e	2014e
EBITDA	1,324	1,560
EBITDA (minority int / pref adj.)	1,099	1,275
CFO	983	1,134
Minority	(170)	(230)
Pref Div	(56)	(56)
CF available to SD	**757**	**849**
Capex	(2,100)	(2,280)
Funding Gap	**(1,343)**	**(1,430)**
BOP Net Debt	(3,627)	(4,970)
Permian Sale Proceeds	0	0
EOP Net Debt incl. funding gap	**(4,970)**	**(6,400)**
Net Debt / EBITDA	3.8x	4.1x
Net Debt/ EBITDA (minority int/ pref adj.)	4.5x	5.0x

Source: Deutsche Bank

Funding gap: Three year outlook remains relatively unchanged

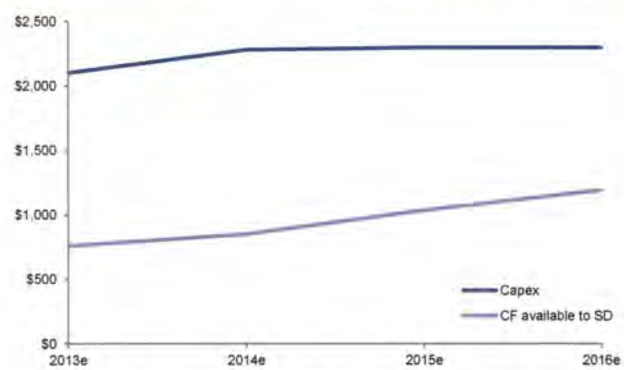
As we turn our focus to the funding gap, the three year outlook for the funding gap hovers around $4.1 Bn under either scenario. The reduced capex under the Permian sale scenario is offset by the resulting lower cashflow, whereas the greater cash flow from maintaining the Permian is offset by the increased capex spend. The pace of Mississippian growth continues to be the heart of the issue as we do not see SD reaching a cash flow neutral stance over the next three years.

Figure 3: Permian Sale Scenario



Note: CF is adjusted for minority interest and preferred dividends
Source: Deutsche Bank

Figure 4: Maintain Permian Program Scenario



Note: CF is adjusted for minority interest and preferred dividends
Source: Deutsche Bank

Figure 5: SandRidge Energy Net Asset Valuation

NET ASSET VALUATION	Risked	DB Price Deck Value	DB Price Deck $/Boe	DB Price Deck $/Share	DB Price Deck $/Acre	NYMEX Strip Value	NYMEX Strip $/Share
Proved Developed Reserves (PV10)							
United States	183	$2,711	$14.79	$4.78	NA	$2,458	$4.34
DOR-Proven Reserves	62	$1,838	$29.64	$3.24	NA	$1,604	$2.83
Total	245	$4,549	$18.55	$8.03	NA	$4,062	$7.17
North America							
Mississippian	1,160	$2,715	$2.34	$4.79	$1,697	$1,755	$3.10
Permian	31	140	4.50	0.25	620	89	0.16
WTO	--	--	--	--	--	--	--
Total	1,191	$2,855	$2.40	$5.04	$1,159	$1,844	$3.25
Other Assets / Liabilities							
Cash		$673		$1.19		$673	$1.19
Book Debt, Min Interest, Pref. Stock		(5,847)		(10.32)		(5,847)	(10.32)
Value of Midstream and Drilling Services		269		0.48		269	0.48
PV of Carries		872		1.54		872	1.54
Mississippian Trust I (25%)	$19.00	156		0.28		156	0.28
Permian Trust (25%)	$19.40	310		0.55		310	0.55
Mississippian Trust II (40%)	$19.40	385		0.68		385	0.68
Total		($3,182)		($5.62)		($3,182)	($5.62)
Net Equity Value	1,436	$4,222		$7.00		$2,724	$5.00
Shares Outstanding (MM)				*566.6*			*566.6*

Operational Summary and Assumptions

Asset	Net Acres	Risked %	Risked Acres	Spacing	Risked Wells	Well Cost ($M)	Avg. IP	EUR / well	% Oil
Mississipp	1,600,000	40%	640,000	160	3746	$3.5	270	417,367	36.5%
Permian	225,000	70%	157,500	20	4667	$0.6	53	58,031	68.0%
WTO	501,100	70%	350,770	40	8024	2.9	2,900	2,705	--%
Total	2,326,100	49%	1,148,270	73	16437	$2.3	1074	159,368	37.3%

Modeled Rig Program - By Play	Current:	2012	2013	2014	2015	2016
Mississippian		26.0	37.0	41.0	41.0	41.0
Permian		12.0	--	--	--	--
WTO		1.0	1.0	1.0	1.0	1.0
Total		*39.0*	*38.0*	*42.0*	*42.0*	*42.0*

Modeled Well Program - By Play	2012	2013	2014	2015	2016
Mississippian	337	570	644	651	651
Permian	762	--	--	--	--
WTO	--	--	--	--	--
Other	--	--	--	--	--
Total	*1,098*	*570*	*644*	*651*	*651*

ASSUMPTIONS

Prices	DB Oil	DB Gas	NYMEX Strip Oil	NYMEX Strip Gas	Other Oil	Other Gas	Choosen Deck	
2011	$95.14	$4.08					DB	1
2012	$97.10	$2.71	$95.30	$2.86	$95.00	$4.00		
2013	$104.75	$3.75	$94.31	$4.03	$95.00	$4.00		
2014	$100.00	$4.25	$92.04	$4.30	$95.00	$4.00		
Long-term	$100.00	$4.75	$89.80	$4.50	$95.00	$4.00		

Inflation Outlook			
Production Costs	0.0%	**Discount Rate**	10.0%
Service/Drilling Costs	0.0%	**Depreciation Rate**	80.0%
Commodity Price	0.0%	**Shares Outstanding (MM)**	566.6

Source: Deutsche Bank, Company Data

Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
SandRidge Energy	SD.N	5.39 (USD) 12 Nov 12	1,7

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies

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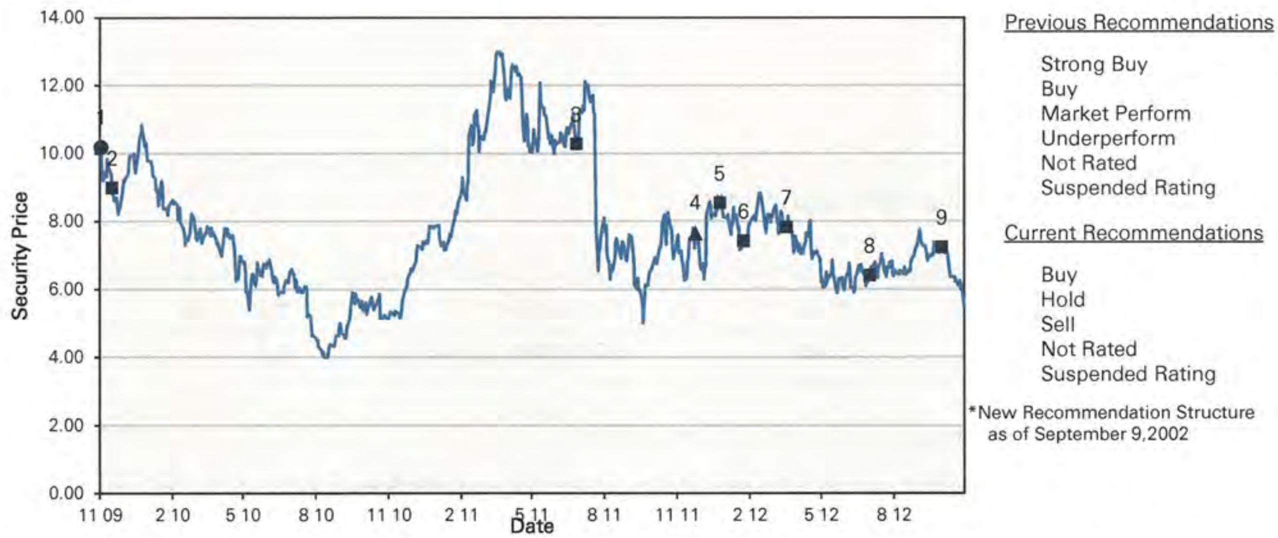
Historical recommendations and target price: SandRidge Energy (SD.N)

(as of 11/12/2012)



1.	11/17/2009:	Downgrade to Hold, Target Price Change USD13.00	6.	02/08/2012:	Hold, Target Price Change USD9.00
2.	12/01/2009:	Hold, Target Price Change USD12.00	7.	04/02/2012:	Hold, Target Price Change USD11.00
3.	07/11/2011:	No Recommendation, Target Price Change USD0.00	8.	07/16/2012:	Hold, Target Price Change USD10.00
4.	12/09/2011:	Upgrade to Hold, Target Price Change USD9.00	9.	10/15/2012:	Hold, Target Price Change USD9.00
5.	01/09/2012:	Hold, Target Price Change USD11.00			

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Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus pro-jected dividend yield) , we recommend that investors buy the stock.
Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock
Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.
Notes:

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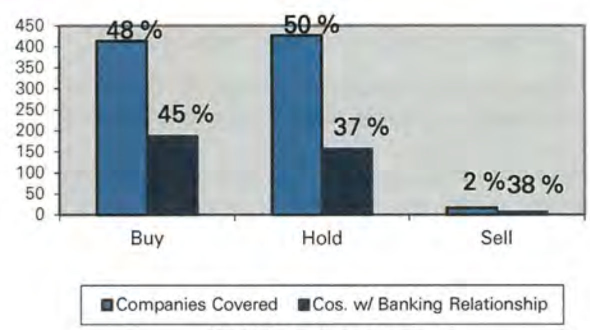
2. Ratings definitions prior to 27 January, 2007 were:

    Buy: Expected total return (including dividends) of 10% or more over a 12-month period
    Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period
    Sell: Expected total return (including dividends) of -10% or worse over a 12-month period

Equity rating dispersion and banking relationships



North American Universe

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Grenadier
EXHIBIT NO. 3
6-19-19
P. Fredrickson, CSR, CCR

NOVEMBER 9, 2012

Exploration & Production

CHANGING ESTIMATES

SIG SUSQUEHANNA FINANCIAL GROUP, LLLP

SandRidge Energy, Inc.

Symbol	SD
Rating	Positive
Price	$6.10
Price target	$12.00
Downside risk	$5.50

Company market data

52 week range	$9.04-$5.55
Shares out.	491.077mm
Market cap.	2,996mm
Average daily trading volume	10,617,115
Beta	1.96

Calendar year December

	2012e		2013e	
EPS	Prior	Current	Prior	Current
Q1		0.04A	0.06	0.03
Q2		0.07A	0.05	0.03
Q3	0.02	0.05A	0.09	0.03
Q4	0.03	0.04	0.08	0.03
CY EPS	0.16	0.20	0.29	0.13
P/E		30.5x		46.9x
EBITDA ($)	983	1,072	1,286	1,317

Credit

Gross leverage	40.00%
Net debt/EBITDA (12m fwd)	3.2x
Free cash flow (12m fwd)	$(643)mm
Free cash flow yld (12m fwd)	(15.00)%
Implied 3-to-7 year YTM	7.00%
5-yr US treasury yield	0.65%

Derivatives

Volume (contracts)	14,346
Skew rank (2yr %-tile)	3.18

SandRidge Energy, Inc.: Good 3Q, Fresh Bold Tactics and We Ponder Activist Agendas

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Call to action

SD's 3Q beat, with big new Permian sale tactic and less 2013 spending are positives likely to overwhelm picking on related lower 2013 production (less Permian) and slightly increased gas vs oil. Feeding activist themes, we take a look at SD bylaws and a DVN merger scenario.

HIGHLIGHTS

SPEED READ: Selling Permian ($2B?), 2013 capex cut to $1.75 B, fine 3Q beat, 18% guided growth, with activist now engaged, and we look at sale of the company to Devon Energy.

- Like getting a subpeona on your birthday, TPG-Axon's activist gauntlet was drawn hours ahead of SD announcing good capital control, mostly improved guidance, and a possible material sale of mature Permian assets into a pretty hot market, especially compared to the weak SD share price.

- Bears will see Permian oil slowdown masking gassier Mississippian production, and 4Q cost creep ahead of much lower 2013 spending complicating comps. Bulls will like the Permian sale, the lower 2013 spending, and downspacing in the Mississippian (so 25% more locations).

- With activism on our minds, we discovered SD's bylaws can be changed by a 50% shareholder vote, and also looked at our prior idea of Devon buying SD at $10 per share, an accretive deal in our view, and highlighting the appeal of cheap SD shares.

Catalysts

Peer announcements of Mississippian progress or partnerings may be positives for SD. Permian sale is also a catalyst.

Downside risk

Commodity price movements usually comprise the largest risk/reward component to E&P stocks. Our downside risk of $5.50, which is a $1.50 discount to the midpoint value of NAV/share and proved reserves only value/share at $65 oil and $2.60 gas. SD-Specific Risk: Logistics challenges could emerge for both water disposal and field personnel availability, given the likely thousands of employees that will be required to develop, process and transport Mississippian oil, gas and mostly water in the years to come. Injection permitting challenges seem minimal so far; however, they could be a stumbling point as sector activity ramps up.

Meanwhile, with its solid quarter with record production, SD announces possible sale of its Permian assets. The 24.5 mbde there might fetch $2 billion or more, into a hot MLP market, a rational arb vs. weak SD pricing, and in CEO Tom Ward's wheelhouse as SD's chief dealmaker.

The quarter:
$0.05 vs. $0.00: SD reported adjusted EPS/EBITDA of $0.05/$297 mln, higher than our estimate of $0.02/$310 mln, vs. consensus at $0.00/$277 mln. Beat from higher production and lower unit cost. 103 mbde beat our estimate by 5% due to gas production coming in 11% higher than our estimate. Gas price realization was slightly lower. Oil production and oil price realization were in line.

Guidance: 2012 total production is guided higher by 1% with more gas but slightly lower oil volume. 2012 capex is up $50 mln, with $20 mln for drilling and the rest in oil field services and midstream.

2013 capex is much lower at $1.75 bln, vs. $2.15 in 2012. In 2013, total production has been guided to 39.2 mmboe, implying 18% growth YoY. Percentage gas production is expected at 50% vs. 47% in 2012, reflecting much less drilling capital for Permian Basin oil, which is being harvested ahead of a possible sale.

Balance sheet: Net debt increased by $500 mln as a result of the August senior notes offering and funding the company's drilling program. On November 5, the company had no amount drawn under its $775 million senior credit facility and approximately $535 million of cash, leaving approximately $1.3 billion of available liquidity.

Guiding to $1.75 billion vs. an expected $2 billion of capital spend in 2013 reflects much less spending in the Permian, with a modest related increase in gas as a portion of total production. This partly masks the increasing gas vs. earlier expectations out of the Mississippian.

Selling Permian would leave SD to grow in the Mississippian and harvest the Gulf of Mexico. The former remains a focus, and management also has eyes on courting an additional joint venture partner for accelerated development. The Permian sale would improve SD's negotiating strength and might even offset the desire for a joint venture partner.

With today's surprise activist letter, on the same day as the 3Q earnings release, we heard plenty of investors and SD watchers react positively to the idea of a management change

Active trading on activism
There was visible positive early reaction to activism (SD up vs. group on huge volume after receiving letter Thursday from TPG-Axon) which seeks plausible Board reshuffle, but market so far sees no near-term silver bullet from activism.

TPG-Axon says management strategy has amplified uncertainty, reckless spending caused massive dilution and risk, and governance has been appalling. But they like the rock, and see SD woefully underpriced, as do we. See our note on that too: Click for Note

SD is focused on Mississippian oil well drilling, and is now looking into the sale of its Permian assets. Those could bring in $2 billion or more, perhaps from an MLP buyer, and with increased single-basin focus, arguably makes SD more saleable

If activism rules, the question becomes…then what? We can't easily put together a short list of quick-acting, shovel-ready buyers, and think SD's CEO has some unfinished business (e.g., getting a third joint venture partner) investors would rather get done first unless a sale is envisioned.

TPG-Axon's letter hurts SD's credibility with prospective counterparties, particularly out ahead of courting one more joint venture, which TPG may be trying to stop, although in their missive on past misdeeds…CEO negotiation of handsome foreign partnerings didn't come up.

Continuing the activism plot line, we made a scoping assessment of Devon taking over SandRidge at $10 per share (a discount to our target, and in our view, meaningfully accretive to DVN without taking on too much risk, given $7 of support from reserves value alone), discussed later in this note.

TPG-Axon's activist alert to SD Thursday led an active day, trading almost 40 million shares (over triple normal), and waking up special situations desks across the land. TPG-Axon calls SD's Board of Directors "lightweight" and suggests Board changes as well as in the CEO role.

Given SD's bylaws, indeed, a 50% vote of shareholders (with no special meeting or annual meeting needed) could rewrite the bylaws and potentially force a turnover of the entire board.

Meanwhile, SD's CEO owns 5% of shares and has likely other alignment of existing management (say 3%) and others.

Other considerations
- SD Board is staggered
  - Two directors elected in the last annual meeting (6/1/12) to serve three-year terms
  - Three up for re-election in 2013
  - Two up for re-election in 2014
- Annual meeting to be held within 13 months from the last annual meeting
  - Last annual meeting was 6/1/12, so next meeting needs to be before 7/1/13
  - Window for shareholders to nominate directors for 2013 annual meeting: 2/1/13 to 3/3/13
- Special meeting callable by 50% shares outstanding (quite a high hurdle)
- No sign of a poison pill (although company can quickly adopt one)

Certificate of Incorporation
- http://www.sec.gov/Archives/edgar/data/1349436/000095012908000395/h52806exv3w1.htm
- http://www.sec.gov/Archives/edgar/data/1349436/000119312510182402/dex32.htm

Bylaws
- http://www.sec.gov/Archives/edgar/data/1349436/000095013409004802/d66742exv3w1.htm

Of note, 18% of shares are held by Management plus The Carlyle Group (owners via prior Dynamic Offshore Resources, perhaps loyal to current management, perhaps not).

SD's Mississippian franchise situation in a nutshell

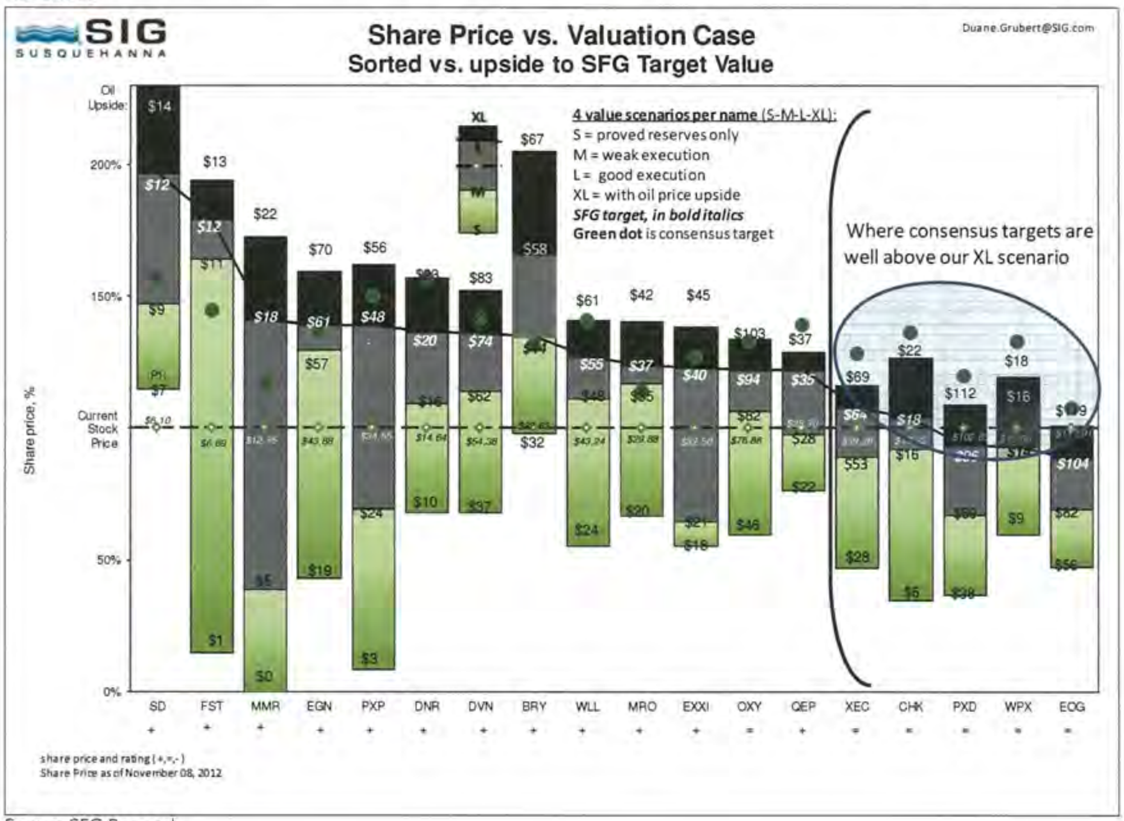
We think there's a lot more oil on Mississippian acreage than the market rewards, SD dominates there, and DVN is waking up to it as a plausible focus area. DVN is already experimenting with drilling two different zones (shallow Miss and deep Woodford) on the same type of acreage SD is just drilling shallow on. Meanwhile, SD is drilling four wells per square mile now instead of three.

The combination of downspacing and additional zones is a plus for the acreage value vs. what investors have been taught, a driver of future incremental value.

SD uses its square miles (2,700 of them) as currency to get money in to fund earlier drilling. DVN needs its square miles to keep its gigantic scale going and growing. We've also published the "Reese's peanut butter cup concept" of DVN eventually buying SD, and scope out a valuation scenario showing an accretive acquisition of SD at $10 per share.

Thursday's activist letter from TPG-Axon suggests a risk premium related to management credibility should be closed by changing the Board composition. Our own work has SD standing out with compelling value, pricing in less than the value of proved reserves assessed in a low commodity price environment.

SD, FAR LEFT, IS INDEED EXTREMELY CHEAP VS. THE GROUP, IN OUR VIEW, PRICING IN LESS THAN VALUE OF PROVED RESERVES



Source: SFG Research

SD is our favorite oil growth name, as markets undervalue SandRidge's Mississippian franchise prominence, and players like Devon start competing nearby. Management credibility is still oft questioned, Topic A of a new activist letter from TPG-Axon. We count on the rock delivering consistent results, and the value gap closing through good execution, plausibly including some influence of activism.

Let's look at SD merging with DVN

Hypothetical Scenario: We scope out the scenario of DVN buying SD for $10 per share and taking on SD's debt. Devon would get a bit oilier, a bit less developed, with a 15% bump in production, and still have a strong balance sheet.

DVN's Mississippian position would increase to 2.245 mln acres, larger than CHK's 2 million acres, and make DVN the biggest player in the Mississippian

SD has a dominant franchise in the Mississippian, ramping up to a right-sized $2 billion run rate. DVN is newer to the play, but already experimenting with additional zones to complete, and adding drilling rig activity this quarter. We think SD could become a right-sized franchise builder for Devon, not least due to Oklahoma City culture and cost synergies.

We target SD based on robust activity levels. DVN would unlikely increase the pace of activity on the same acreage…that's part of SD's differentiation: that it is already active at a pace that a larger company would pursue.

Thus, we don't see DVN or another suitor able to easily justify a premium to our target based on more rapid development; however, they would be doing themselves a favor by buying at a discount to our target, in our view. Devon's post-Barnett Shale portfolio could use a material franchise focus. With say $30 billion of plausible forward investment on the SD acreage, SD could be a good bolt-on for Devon, not to mention possible cost-sharing synergies including being collocated in Oklahoma City.

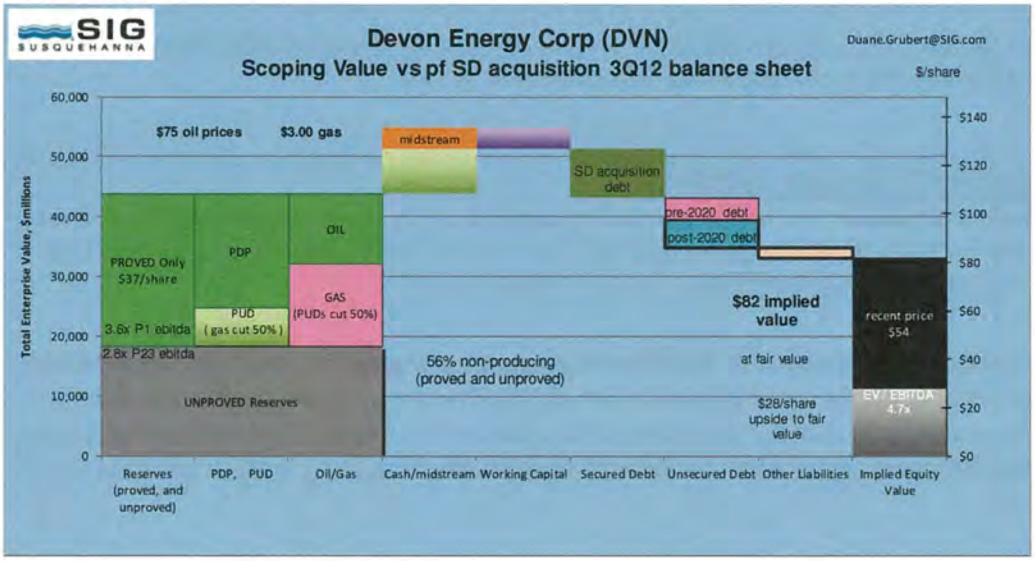
In terms of production impact, back-of-the-envelope scoping suggests 650 wells per year developing 260 million boe per year, using a 12-year reserves-to-production ratio, makes 22 mmboe per year or around 9% of recent production rates, with better than DVN's existing average margins

Our target for SD is $12. If we look at DVN buying SD for $10, in our eyes they would be doing an accretive acquisition. If we look at the combined company from a bottoms-up reserves-based approach, our $74 target for DVN might increase to $82. Deal structure could be envisioned to support our target via EBITDA multiples as well.

The nearby exhibit shows a quick look at a combined Devon and SandRidge. We just used debt to finance the deal, with new debt in line with cash now on the books. Post a deal, SD's debt could be refinanced at lower rates, drilling outlooks could make use of Mississippian project availability to increase average margins, and acreage could be rationalized or swapped with other players to gain infrastructure advantages.

We would expect Devon to divest the Gulf of Mexico assets in short order to reduce debt associated with our hypothetical deal.

VOILA', OUR $74 TARGET FOR DVN MIGHT SWELL AROUND 10% IF SD WAS BOUGHT FOR $10 A SHARE



Source: SFG Research

Importantly, taking on SD would add a 15-year development of the Mississippian at a pace SD personnel are already designing for and almost ramped up to

After merging with SD, DVN would be 43% oily, 71% PDP vs. 42% oily and 74% PDP before a deal. DVN's P1 reserves would increase to 3,539 mmboe from 3,005 mmboe, an 18% bump. DVN's daily production increases to 777 mboe/d from 678 mboe/d, which is a 15% increase. Its balance sheet is still in good shape after the deal, with DVN's net debt/EBITDA (leverage ratio) increasing to 1.7x from 0.6x, still below the peer group average of 1.9x, and then likely delevered via some partial divestitures out of the SD portfolio.

Assuming a deal structure involving $2 bln of cash, 20 mln of DVN shares and $5 bln of debt to finance the acquisition, DVN's 2013 EBITDA multiple should improve from 4.5 now to 4.8x.

EBITDA COMPS

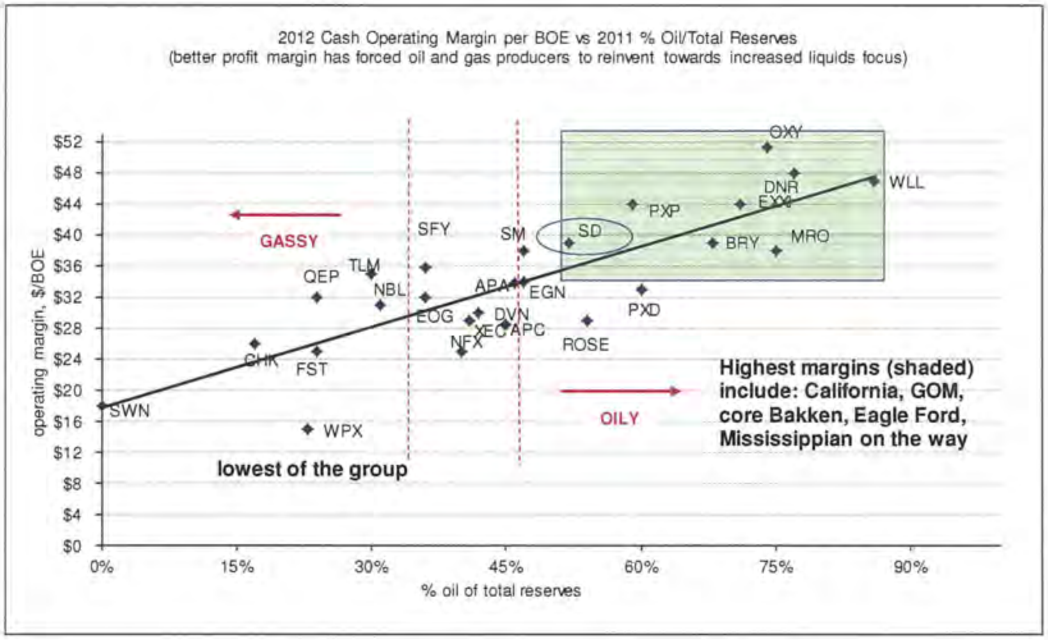
E&P COVERAGE UNIVERSE	Ticker	Share Price	Market Cap	EV	2012 EBITDA	2013 EBITDA	EV / 2012e Consensus EBITDA	EV / 2013e Consensus EBITDA	% Oil or Gas
Oil Names									**% Oil**
Berry Petroleum	BRY	$32.70	1,713	3,433	598	679	5.7x	5.1x	68
Denbury Resources Inc	DNR	$14.80	5,790	8,736	1,562	1,588	5.6x	5.5x	77
Energy XXI	EXXI	$32.45	2,573	3,721	863	961	4.3x	3.9x	66
Energen Corp	EGN	$43.52	3,140	4,734	906	1,057	5.2x	4.5x	56
Marathon Oil Corp	MRO	$29.97	21,142	26,047	8,562	9,231	3.0x	2.8x	75
Occidental Petroleum	OXY	$76.72	62,149	66,036	14,220	15,163	4.6x	4.4x	72
Pioneer Natural Resources	PXD	$102.80	12,669	15,835	2,011	2,461	7.9x	6.4x	60
Plains Exploration	PXP	$34.35	4,431	8,658	1,655	3,101	5.2x	2.8x	59
SandRidge Energy	SD	$6.14	3,015	7,953	1,115	1,425	7.1x	5.6x	52
Whiting Petroleum	WLL	$43.64	5,135	6,773	1,455	1,672	4.7x	4.0x	86
MEDIAN							5.2x	4.4x	67%
Gas Names									**% Gas**
Chesapeake Energy	CHK	$17.25	11,478	29,086	3,548	4,726	8.2x	6.2x	83
Devon Energy Corp.	DVN	$54.10	21,883	25,373	5,170	6,017	4.9x	4.5x	58
EOG Resources	EOG	$116.18	31,470	36,436	6,058	6,759	6.0x	5.4x	64
Forest Oil	FST	$6.72	795	2,784	498	495	5.6x	5.6x	76
McMoRan Exploration	MMR	$12.57	2,035	3,111	158	160	19.7x	19.4x	59
QEP Resources	QEP	$28.73	5,117	8,180	1,401	1,635	5.8x	5.0x	76
WPX Energy	WPX	$15.13	3,014	4,213	1,035	1,069	4.1x	3.9x	77
Cimarex Energy Co	XEC	$59.28	5,130	5,976	1,117	1,362	5.4x	4.4x	59
MEDIAN							5.6x	5.0x	70%

Source: FactSet

We target SD at $12, with $7 defended just by proved reserves value. The upside reflects a medium-term development tranche of Mississippian oil, or a proxy for plausible deal flow and development. TPG argues that a firm with a lower cost of capital could unlock more value in developing the Mississippian. While we agree on the lower cost of capital concept, the pace of development that SD targets is unlikely to be surpassed by a buyer, especially one not yet maturely ramped up in the same basin (no one is).

While we wouldn't expect DVN to be able to outdrill SD, thus, wouldn't expect a buyer to come in and say double capital spending, it IS the case that cost of capital would be better. As well, quality of Mississippian investment is superior to DVN average investment, so margins would improve by acquiring SD and keeping up its high pace of activity.

SD'S MARGIN SHOULD INCREASE AS IT RAMPS UP OIL GROWTH IN THE MISSISSIPPIAN



Source: SFG Research

We have repeatedly noted Devon as a plausible eventual consolidator of SandRidge, with its own growth imperative and recently increased commitment to this yet-uncrowded play, SD's dominance in terms of capability and infrastructure should be appealing to DVN.

Scoping value of reserves

A simple way to scope out reasonableness of SD and peer assessments of commerciality of the Mississippian is to take the 450 mboe mean well reserves (well documented), take 45% of that as oil (around 200 mboe) and then develop it for $3.2 million per well, including a prorated share of disposal well capital and buying an electrical submersible pump.

Welcome to lognormal distribution: A few huge wells, a lot of small ones,

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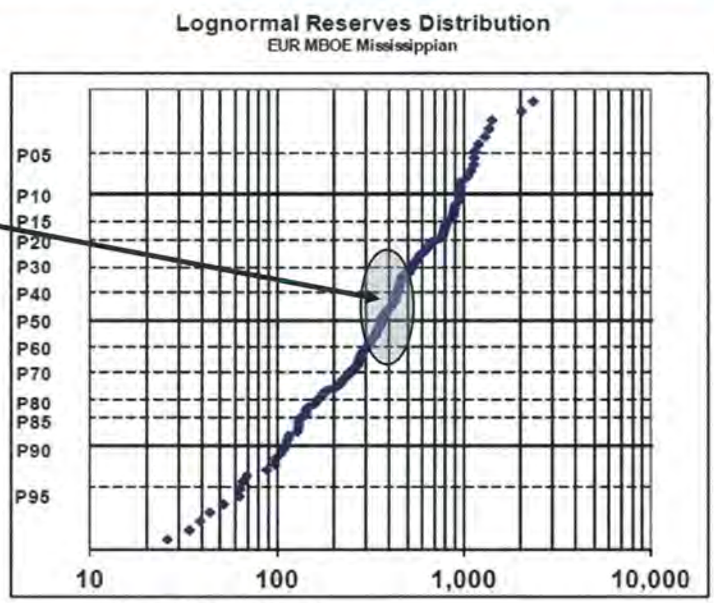
Type curve is at 456 mboe per well, in line with Swanson's mean (the approximation of the mean of a lognormal distribution).

More reasonable to talk about, SD says it targets wells at 300 to 500 mboe per well, in line with P30 to P60

More precise, the lognormal distribution shows a P90 to P10 range of around 100 mboe to 1 million boe per well...this huge range may scare investors when wells are drilled "below the type curve"...as should be expected

You're going to get some great wells, some average wells, and some clunkers...that's nature.



Source: SD and SFG Research

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Please refer to page 15 for important disclosures and certifications.

Source: SD and SFG Research

We're then at finding costs of $16 per barrel of oil if we give no value for the gas. Giving poor value for the associated gas (say $0.42 cents per mcfe, or just $2.50 per boe), we end up finding oil for $16 and getting another say $600,000 of low gas value. So we might think of it as free gas and oil for $13 per barrel of black oil reserves. Yes, there are timing issues associated with when you drill disposal wells that aren't fully utilized, but overall, industry consensus (with Mississippian operators now including Shell, Devon, Chesapeake, Range, Apache, and Encana plus many smaller players) regards the Mississippian as a premium economics play.

That fits with the published SD well economics suggesting high returns at high oil prices, and breakeven around $50 per barrel of oil. Industry activity in the play has been robust, with Devon moving rigs to the play recently an example of commitment to the play. Our $7 per share P1 value for shares is derived from company-specific regression data and our conservative price deck ($75 oil and $3 gas) estimating around $11 per boe of after-tax value per boe. For comparison, last year's SEC report for SD, at a higher commodity strip, was $14 per boe, and the average for the group, gassier than SD's reserves base, was about $10.50 per boe.

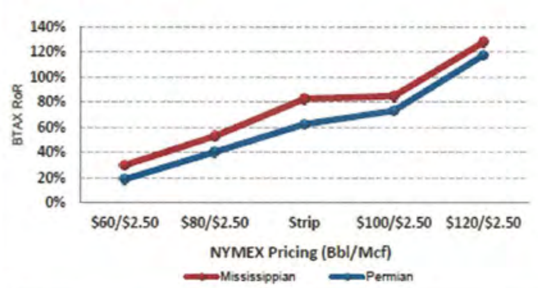
MISSISSIPPIAN WELLS HAVE STRONG ECONOMICS FOR SD

Organic Growth Economics

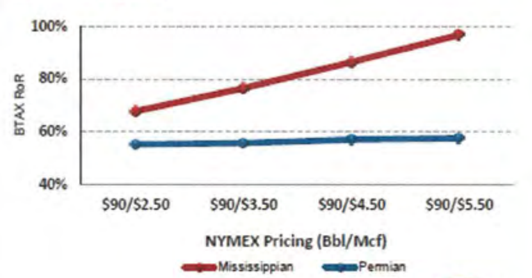
Permian	
Oil EUR	53 Mbbl (85% Crude)
Gas EUR	27 MMcf, dry
Total EUR	58 Total Mboe
Gross Well Cost	$643 M/well
30 Day IP	53 Boe/d
PV-10 [b]	$647 M
IRR [b]	≈ 62%
2012 Drilling Program	WI 91%, NRI 70%
Total Locations	≈ 7,350

Mississippian	
Oil EUR	204 Mbbl (100% Crude)
Gas EUR	1,512 MMcf
Total EUR	456 Total Mboe
Gross Well Cost	$3.2 MM/well [a]
30 Day IP	275 Boe/d
PV-10 [b]	$5,049 M
IRR [b]	≈ 82%
2012 Drilling Program	WI 62%, NRI 51%
Total Locations	≈ 8,000

Liquids Driven Returns



Gas Price Upside

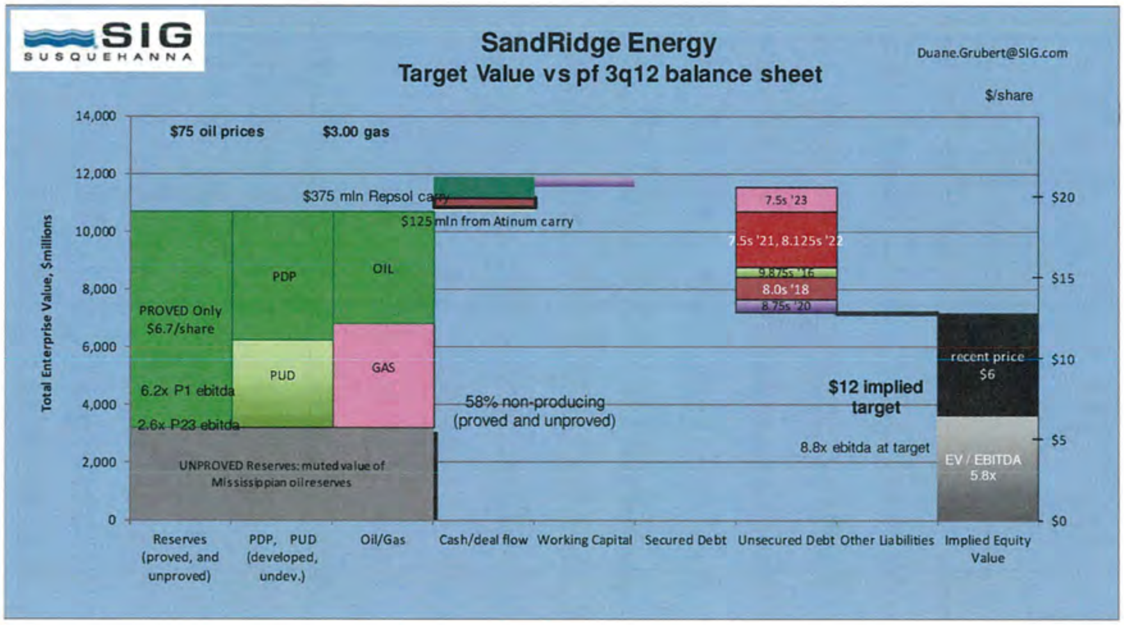


8 (a) Includes infrastructure capex
(b) NYMEX Strip as of 08/27/2012

SANDRIDGE THE POWER OF US

Source: SD

SD WATERFALL:



Source: SFG Research

Please also see our recent longer note on SD (click for note: Mispriced Miss(issippian)) (**SPEED READ**: YoY capex control, more and faster oil wells, solid partner bait, trading below just proved reserves value while EBITDA goes to $2 billion run rate for 2015 plus additional deal optionality along the way…all supporting material upsides).

SandRidge Energy	2010A	Q1 2011A	Q2 2011A	Q3 2011A	Q4 2011A	2011A	Q1 2012A	Q2 2012A	Q3 2012A	Q4 2012	2012E	Q1 2013	Q2 2013	Q3 2013	Q4 2013	2013E
Production																
Oil (MMbbl)	7.4	2.6	2.8	3.2	3.3	11.8	3.4	4.6	4.9	4.9	17.8	4.8	4.9	4.9	4.9	19.5
Gas (Bcf)	76.2	17.3	17.2	17.9	16.9	69.3	15.7	21.9	27.2	28.3	93.0	28.3	29.2	30.1	30.7	118.2
NGL (MMbbl)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MMBOE	20.1	5.5	5.6	6.2	6.1	23.4	6.1	8.2	9.5	9.6	33.3	9.5	9.7	9.9	10.0	39.2
y-y% growth	15%	24%	24%	15%	6%	16%	11%	46%	53%	58%	42%	57%	18%	5%	5%	18%
Commodity Prices																
WTI avg $/bbl	79.51	94.46	102.34	89.54	94.06	95.10	103.00	93.50	92.20	90.00	94.68	95.00	95.00	95.00	95.00	95.00
Henry Hub avg $/Mcf	4.38	4.17	4.38	4.06	3.48	4.02	2.43	2.22	2.89	2.50	2.51	3.00	3.00	3.00	3.00	3.00
Average Realized Prices (includes hedges)																
Oil $/bbl	69.90	79.76	76.26	76.94	79.28	78.06	86.27	89.76	91.84	95.51	90.85	90.39	90.31	90.23	90.21	90.28
Gas $/mcf	5.49	3.54	3.31	3.08	3.11	3.26	2.35	2.39	2.23	2.54	2.38	2.47	2.47	2.47	2.47	2.47
NGL $/bbl																
E&P Revenue	775	267	312	318	329	1,227	341	430	488	539	1,798	503	510	518	520	2,052
Other Revenue	157	46	53	45	45	188	40	49	45	49	182	85	86	87	87	346
Total	$932	$313	$365	$364	$374	$1,415	$382	$478	$533	$587	$1,980	$588	$597	$605	$608	$2,398
Operating Costs																
Production	237.9	74.0	81.8	86.6	80.5	322.9	83.3	122.5	137.0	151.8	494.7	147.3	150.6	154.0	155.7	607.6
Production taxes	29.2	10.6	12.7	10.4	12.5	46.1	12.3	11.0	13.0	26.9	63.2	15.1	15.3	15.5	15.6	61.6
Drilling & Services	22.4	15.0	18.1	16.2	16.3	65.7	17.6	19.2	15.7	17.3	69.8	19.9	20.2	20.5	20.6	81.0
Midstream & Marketing	90.1	22.3	15.9	14.6	13.2	66.0	8.0	8.6	10.7	11.8	39.0	25.1	25.4	25.8	25.9	102.3
DD&A - Oil & Gas	275.3	73.9	76.2	86.7	89.8	326.6	87.1	139.3	166.1	168.4	560.9	171.1	174.9	178.8	180.8	705.6
DD&A - Other	50.8	13.1	13.3	13.6	13.7	53.6	14.5	15.3	16.5	16.7	63.1	17.1	17.5	17.9	18.1	70.6
Impairment	0.0	0.0	0.0	0.0	2.8	2.8	2.6	8.0	9.1	9.1	28.7	10.0	10.0	10.0	10.0	40.0
General and Administrative	179.6	34.4	37.7	36.3	40.3	148.6	50.3	61.7	46.8	47.4	206.2	42.8	43.7	44.7	45.2	176.4
(Gain) loss on derivative assets	50.9	277.6	-170.0	-596.7	445.0	-44.1	254.6	-669.9	193.5	0.0	-221.7	0.0	0.0	0.0	0.0	0.0
(Gain) loss on sale of assets	2.4	-0.2	-0.5	-0.4	-0.9	-2.0	3.1	0.3	0.4	0.0	3.8	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	938.5	520.7	85.1	-332.8	713.3	986.2	533.3	-284.0	608.7	449.5	1307.5	448.3	457.7	467.2	471.9	1845.1
Per Unit Economics ($/BOE)																
Revenue	$38.62	$48.91	$55.34	$51.52	$53.99	$52.49	$56.41	$52.37	$51.52	$56.06	$54.00	$52.92	$52.53	$52.14	$51.79	$52.34
Production	$11.86	$13.55	$14.51	$14.01	$13.20	$13.82	$13.77	$14.92	$14.46	$15.80	$14.86	$15.50	$15.50	$15.50	$15.50	$15.50
Production taxes	$1.45	$1.94	$2.25	$1.68	$2.04	$1.97	$2.03	$1.34	$1.37	$2.80	$1.90	$1.59	$1.58	$1.56	$1.55	$1.57
Drilling & Services	$1.11	$2.76	$3.20	$2.62	$2.68	$2.81	$2.90	$2.34	$1.65	$1.80	$2.09	$2.09	$2.08	$2.06	$2.05	$2.07
Midstream & Marketing	$4.49	$4.08	$2.81	$2.37	$2.17	$2.82	$1.31	$1.04	$1.13	$1.23	$1.17	$2.64	$2.62	$2.60	$2.58	$2.61
DD&A - Oil & Gas	$13.72	$13.54	$13.51	$14.03	$14.73	$13.98	$14.39	$16.97	$17.53	$17.53	$16.85	$18.00	$18.00	$18.00	$18.00	$18.00
DD&A - Other	$2.53	$2.40	$2.35	$2.19	$2.25	$2.29	$2.40	$1.87	$1.74	$1.74	$1.89	$1.80	$1.80	$1.80	$1.80	$1.80
Impairment	$0.00	$0.00	$0.00	$0.00	$0.46	$0.12	$0.43	$0.97	$0.96	$0.94	$0.86	$1.05	$1.03	$1.01	$1.00	$1.02
General and Administrative	$8.95	$6.30	$6.68	$5.87	$6.60	$6.36	$8.31	$7.52	$4.94	$4.94	$6.19	$4.50	$4.50	$4.50	$4.50	$4.50
(Gain) loss on derivative assets	$2.54	$50.86	($30.14)	($96.54)	$72.97	($1.89)	$42.08	($81.62)	$20.42	$0.00	($6.66)	$0.00	$0.00	$0.00	$0.00	$0.00
(Gain) loss on sale of assets	$0.12	($0.04)	($0.09)	($0.07)	($0.15)	($0.09)	$0.51	$0.04	$0.04	$0.00	$0.11	$0.00	$0.00	$0.00	$0.00	$0.00
Other	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$ Margin per Unit	($8.16)	($46.49)	$40.26	$105.36	($62.96)	$10.30	($31.72)	$86.97	($12.71)	$9.29	$14.74	$5.75	$5.43	$5.11	$4.82	$5.27
Operating Income (EBIT)	($7)	($208)	$280	$697	($339)	$429	($152)	$762	($76)	$138	$673	$140	$139	$138	$136	$553
Adjusted EBIT	$47	$70	$109	$99	$107	$386	$109	$101	$127	$147	$483	$150	$149	$148	$146	$593
Adjusted Operating Margin %	5%	22%	30%	27%	29%	27%	28%	21%	24%	25%	24%	25%	25%	24%	24%	25%
Interest Expense	(246)	(59)	(62)	(59)	(57)	(238)	(67)	(69)	(82)	(82)	(299)	(85)	(87)	(84)	(83)	(340)
Income Tax (expense)/benefit	447	(0)	7	(1)	(0)	6	(0)	104	0	-	104	-	-	-	-	-
Fully Diluted Shares Outstanding	355	488	496	498	399	470	583	583	583	583	583	588	588	588	588	588
EQUITY METRICS																
EV	6,061					5,672					7,572					3,890
Adjusted EBITDA	614	146	156	169	175	646	185	269	297	321	1,072	325	328	332	332	1,317
Current share price/EBITDA est	3.8x					4.7x					3.5x					2.9x
Adjusted EPS (diluted)	$0.05	($0.02)	$0.00	$0.01	$0.02	$0.01	$0.04	$0.07	$0.05	$0.04	$0.20	$0.03	$0.03	$0.03	$0.03	$0.13
EV/EBITDA	9.9x					8.8x					7.1x					3.0x
BALANCE SHEET																
Cash	6	9	5	325	208	208	128	421	674	529	529	738	961	715	439	439
Credit Facility	340	324	80	0	0	0	1	0	0	0	0	234	117	58	29	29
Securitized Debt	2,562	2,849	2,812	2,813	2,813	2,813	2,813	3,549	4,300	4,300	4,300	4,300	4,300	4,300	4,299	4,299
Net Debt	2,896	3,164	2,888	2,487	2,605	2,605	2,686	3,128	3,627	3,771	3,771	3,796	3,455	3,643	3,890	3,890
Net Debt/EV	56%					46%					50%					50%

Reserves Detail		Reserve & Enterprise Value Metrics	
2011 (mmboe)	471	EV/BOE	$15.77
% Oil	52%	EV/PDP	$32.18
% Gas	48%	Net Debt/BOE	$7.70
% Proved Developed (PDP)	49%	Net Debt/PDP	$15.71
% Proved Undeveloped (PUD)	51%		
R/P	23.5		
PDP / P	11.5		

Source: SFG Research

Price target valuation and risks

SandRidge Energy, Inc.(SD, Price: $6.10, Price Target: $12.00):

Assuming $75 oil and $3.00 gas prices in the long term, our NAV/share is $12 based on our view of proved and unproved reserves value adjusted for the most recent quarter's balance sheet. On its own, SandRidge had a higher value per barrel of proved reserves versus our coverage universe (SEC standardized measure of $14 per boe vs. a group average near $12).

Investors are exposed to multiple risks unique to the oil and gas sector. Oil and gas producers are exposed to volatile commodity prices, cost increases, physical drilling and construction risks, business and environmental litigation, changes to commercial terms (including the risk of incremental government taxation), and exploration and development results uncertainties. SD's ability to grow oil production is a risk to the shares.

Devon Energy (DVN, Price: 54.02, Price Target: 74.00)

Assuming $75 oil and $3.00 gas prices in the long term, our NAV/share is $74 based on our view of proved and unproved reserves value adjusted for the most recent quarter's balance sheet. On its own, DVN had a low value per barrel of proved reserves versus our coverage universe (SEC standardized measure of $6 per boe vs. a group average near $12).

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Analyst Certification

I, Duane Grubert, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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Neutral: We expect this stock to perform within a range of +/-15 percentage points over the next 12 months.

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Suspended: The previously published rating and/or estimates are currently suspended and under review.

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Free cash flow: Forward EBITDA estimate less cash taxes less cash interest less total capex.

FCF yield: FCF Yield ((FCF/ Fully Diluted shares outstanding/current share price) (expressed as a %)).

YTM: Yield-to-maturity ("YTM") implied by any of its bonds outstanding that are due in 5 years ((or closest to)(expressed as a %)).

5-yr treasury yield: 5-year US Treasury yield (expressed as a %).

Volatility Definitions

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Implied Volatility: Implied Volatility is the at-the-forward volatility level implied by market option prices for 90 days. While implied volatility is specific to the time frame selected, it is always presented as an annualized standard deviation.

Realized Volatility: It is the Realized Volatility of a financial instrument over 90 days. Generally, this measure is calculated by determining the average deviation from the average price of a financial instrument in the given time period. This measure is frequently compared with implied volatility to determine if options prices are over- or undervalued. It is also known as historical volatility.

Ratings Distribution & Investment Banking Disclosure

Covered companies in each Category	Investment banking client in each category
Positive (Buy) 48.66% (145)	Positive (Buy) 0.00% (0)
Neutral (Hold) 45.97% (137)	Neutral (Hold) 0.00% (0)
Negative (Sell) 5.37% (16)	Negative (Sell) 0.00% (0)

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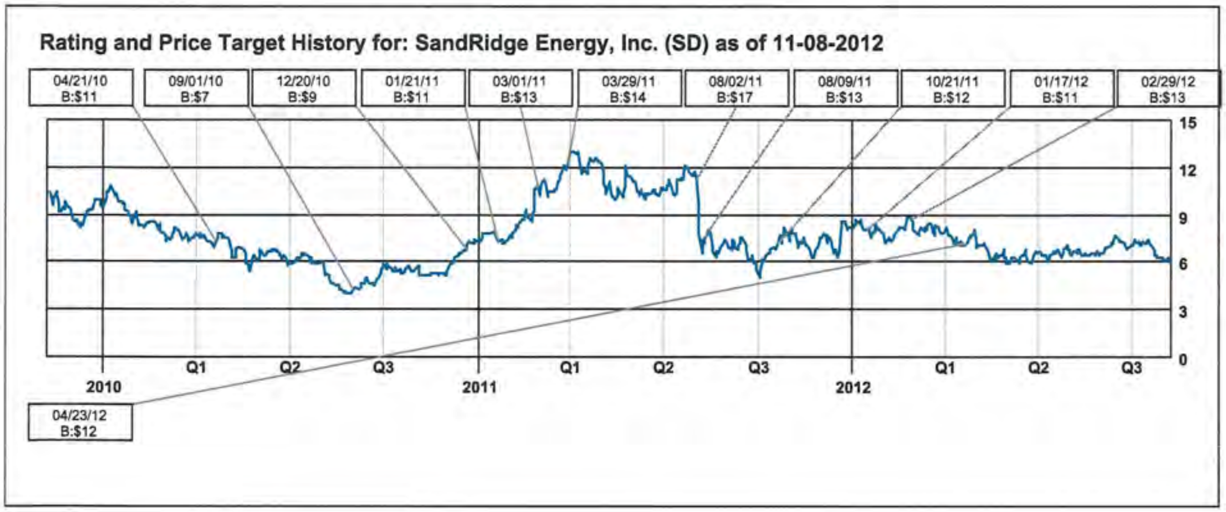
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12
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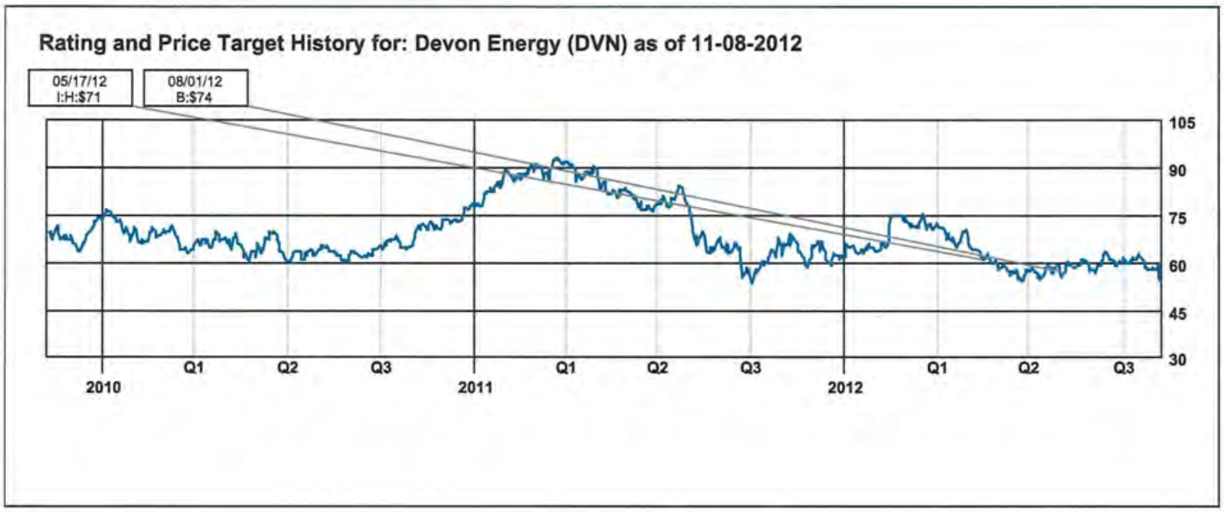
3
0
Q1 Q2 Q3 Q1 Q2 Q3 Q1 Q2 Q3
2010 2011 2012


Rating and Price Target History for: Devon Energy (DVN) as of 11-08-2012
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08/01/12 B:$74
105
90
75
60
45
30
Q1 Q2 Q3 Q1 Q2 Q3 Q1 Q2 Q3
2010 2011 2012

Grenadier
EXHIBIT NO. 4
6-19-19
P. Frederickson, CSR, CCR

NOVEMBER 12, 2012

Exploration & Production

COMPANY UPDATE

SIG SUSQUEHANNA FINANCIAL GROUP, LLLP

SandRidge Energy, Inc.

Symbol	SD
Rating	Positive
Price	$5.51
Price target	$12.00
Downside risk	$5.00

Company market data

52 week range	$9.04-$4.81
Shares out.	491.077mm
Market cap.	2,706mm
Average daily trading volume	11,045,684
Beta	1.96

Calendar year December

	2012e		2013e	
EPS	Prior	Current	Prior	Current
Q1		0.04A		0.03
Q2		0.07A		0.03
Q3		0.05A		0.03
Q4		0.04		0.03
CY EPS		0.20		0.13
P/E		27.6x		42.4x
EBITDA ($)		1,072		1,317

Credit

Gross leverage	40.00%
Net debt/EBITDA (12m fwd)	3.2x
Free cash flow (12m fwd)	$(643)mm
Free cash flow yld (12m fwd)	(15.00)%
Implied 3-to-7 year YTM	7.00%
5-yr US treasury yield	0.64%

Derivatives

Volume (contracts)	15,221
Skew rank (2yr %-tile)	8.15

SandRidge Energy, Inc.: Evolving Plot Line for Dented Franchise

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Call to action

SD's Mississippian per-well recovery quality appears down (think: A+ goes to A-), but still with 50% project returns (similar to Permian) and huge in scale. Now a planned hot-market premium sale of Permian assets could swap $100 million annual free cash flow for $500 million premium upfront, clinching 2014 growth funding. Skittish over both governance (with activist now visible) and returns, shares value much less than proved reserves, say $7-8, an unlikely durable condition. We stick with our $12 target.

HIGHLIGHTS

SPEEDREAD: A+ Miss now given an A-, but still huge. Hot-market sale of Permian would create independent funding through 2014 towards 15-year self-funded Miss program, likely to get company sold medium term, with activism looking to accelerate that.

- Simplifying complexity, we see development costs on SD's Mississippian going from $12-$13 per barrel of black oil to $16 to $18 depending on the subsidy of gas prices.

- Evolving plot line: SD's A+ Mississippian oil wells (80% project returns) are now expected to be A- (50%, in line with Permian Basin drilling) as results are gassier in most recent drilling. Cost control or reservoir characterization may restore the A over time, but assume A- for now. Meanwhile, an intended joint venture tactic to clinch 2014 growth funding will likely be replaced by a hot-market (to MLP players) mature Permian Basin asset sale, which swaps $100 million annual free cash flow (used for Miss growth) for say $500 million premium value (in a $2 billion tax protected deal), maybe much more, up front.

Continued on the next page

Catalysts

Peer announcements of Mississippian progress or partnerings may be positives for SD. Permian sale is also a catalyst.

Downside risk

Commodity price movements usually comprise the largest risk/reward component to E&P stocks. Our downside risk of $5, which is a $2 discount to the NAV/share at $75 oil and $3.00 gas. SD-Specific Risk: Logistics challenges could emerge for both water disposal and field personnel availability, given the likely thousands of employees that will be required to develop, process and transport Mississippian oil, gas and mostly water in the years to come. Injection permitting challenges seem minimal so far; however, they could be a stumbling point as sector activity ramps up.

HIGHLIGHTS

Continued from previous page

- That takes us from $7 of proved reserves value and a $12 target with debt around 60% of proved value, to $7+ of proved reserves value (via the Permian premium sale) and a $12 target (where Permian premium offsets some erosion of outyear value) but debt at just 45% of proved reserves value. It also makes SD more saleable, albeit reliant on ongoing Mississippian success, which we expect.

- If the Permian sale is a mirage, SD can still pursue a joint venture partner, although now as an eroded counterparty, given flip-flop tactics and an active activist on the prowl.

- Bulls need no additional grade erosion from A-, and cost efficiencies (pad drilling, subzone additions) might restore an A. Bears would love to see a failed Permian sale (or now Plan B jv), or stubborn pursuit of worsening economics, unlikely in our view, as SD management has a history of regrouping when things go awry.

- With more wells but lower per-well oil recoveries, the same oil per square mile comes out, at a higher cost than had been suggested. That reduces value of the Mississippian future development, to be in line with Permian drilling quality. Stock pays for no future development, although profitable $20+ billion program over 15 years seems likely.

Some fear Miss will continue to erode (from very good). If so, SD would regroup. Meanwhile, shares pay ahead for nothing, not even paying for proved reserves (say $7 per share) or any Permian sale upside.

Meanwhile, SD's Permian assets, built up after acquisitions from Arena and Forest, might be sold into a hot MLP driven market. If SD gets $80,000 per flowing barrel (that might be 25% low) for its 24.5 mbde assets, we think it would give an extra $1 per share of support to shares, and give more balance sheet flexibility to drill up the Mississippian. SD has ample tax losses that should enable a tax efficient sale.

Also, see (click titles) our recent SD update notes: Mispriced Miss(issippian) and Good 3Q, Fresh Bold Tactics and We Ponder Activist Agendas.

Without getting too detailed here, our $12 target gives credit for proved reserves value ($7) plus a medium term tranche of development. Now likely Permian sale (+1) boosts proved reserves value outlook, while medium-term outlook erodes a bit (-$1). We'll call it even.

Sentiment towards management is quite negative, but activist agenda is unclear beyond axing the CEO in order to avoid fancy future deal making. If Permian is sold, funding SD through 2014, duller managers might be tasked with blindered focus on just drilling wells, with less investor drama, but easier path towards our target, and maybe easier sale of firm. Stay tuned.

New Well Economics

SD's 3Q conference call was a mess, with investors debating whether it's worth selling a great asset for a very great price, or if a stock already pricing in failure should sell off further when very terrific project returns are signaled as merely terrific.

SD investors rely on the Mississippian, and per well expectations have taken a haircut.

SD had indicated 8,000 wells for say $26 billion with 80% returns . . . now it suggests 11,000 wells for say $37 billion with 50% returns. Or simpler . . . it had said 600 mbo per square mile for $10 million ($16+/bo), now it's 600 mbo for $13.6 million ($23+/bo) on the same square mile, now with 4 wells instead of three. If we throw in some low priced gas value, our dollar per bo goes from say $13 before, to $18 now, worse, but not bad. SD says it had 80% project returns, now says 50%, similar to Permian drilling, and in line with our scoping numbers.

From around 200 thousand barrels of oil per well and some gas, to 150 thousand BO and some gas, with costs stubbornly flat to up. The up is also complex.

Costs of $3.2 million per well had been characterized as including $200,000 as a prorated share of disposal well costs. More recently, $200,000 of it is for an Electrical Submersible Pump (ESP), which moves more fluid volume, thus accelerates oil production. The first (disposal) is necessary, the second (ESP) is profitable.

SD gets more fluid out of the ground faster with ESPs. That's good if you're making oil. SD could choose NOT to pay $200,000 per well, but oil would be produced slower. SD says payouts on the pumps are compelling, but hasn't convinced investors, many attuned more to per well costs than influence of components on the cost.

Earlier, we had suggested assuming 200 thousand barrels of oil per $3.2 million well, with about $600,000 of lowball gas value leaving us with a $13 per barrel finding cost, supporting SD's 80% project return assertions. Now SD says to assume more like 150 mbo, with all in well costs maybe the same eventually, but closer to $3.4 million now. Subtract the lowball gas, now around $700,000 of lowball value, and we're at $2.7 million for 150 mbo or $18 finding costs for black oil. That's a big difference, and SD says it has more like 50% project returns rather than 80%. That's still compelling.

Especially negative investors suggest the Mississippian will be a disaster and take the company down. Recent sector history has had severe overcapitalization of the Haynesville as an example of a play that disappointed due to market conditions. Here, high early oil volumes and decades of vertical well data suggest little disastrous downside lurking related to production declines. In fact, we suspect learning curve advances will reduce well costs, help pick fewer lower reserve locations, and allow for subzone redevelopment, including the underlying Woodford, where Devon and others have already established production in the same areas.

If the stock was at $20, going from 8000 wells with 80% returns to 11000 wells with 50% returns would have been a mixed bag shocker . . . but the $6 stock already assumes broad failure. We are long both SD and related aspirin intake.

Appendix

Beyond the drama . . . what other news came out of the 3Q call?

- 3 recent strong Kansas wells, averaged 377 boed in the northern part; in 3Q12, 65 wells averaged 291 boe 30-day IP, and running 9 rigs; will drill 191 wells in Kansas in 2013.
- 5 producers per disposal well, $2 mln to drill each, ten wells per disposer at peak, about half occupied now.
- 33% more locations but minus 24% oil per well.
- 62% IRR at Permian vs. 50% at Mississippian; at strip ($90 oil), Mississippian IRR now at 50% vs. 82% previously.
- Mississippian EUR at 421 mboe vs. 456 previously.
- Oil now 155 mbo, vs. 204 previously.
- Original Mississippian is gassier, oily now 40% vs. 45% before: 40% crude 15% NGL 45% gas.
- Mississippian production: 30.7 mboe/d in 3Q, flat in 4Q12.
- In the Mississippian: 33 rigs to drill 390 wells in 2012; 38/43 rigs to drill 580/675 wells in 2013/2014.
- 2013 guidance assumes 1.5 mmboe lower in Permian production.
- $600 mln CF outspend in 2014 per our estimate.
- 3.25 mln well cost without disposal, aims to drive it down to $3 mln.
- Kansas JV may still happen in 2013. Can't rule it out.
- Base decline in production 30% in Permian, 40% in Mississippian.

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Neutral (Hold) 45.97% (137)	Neutral (Hold) 0.00% (0)
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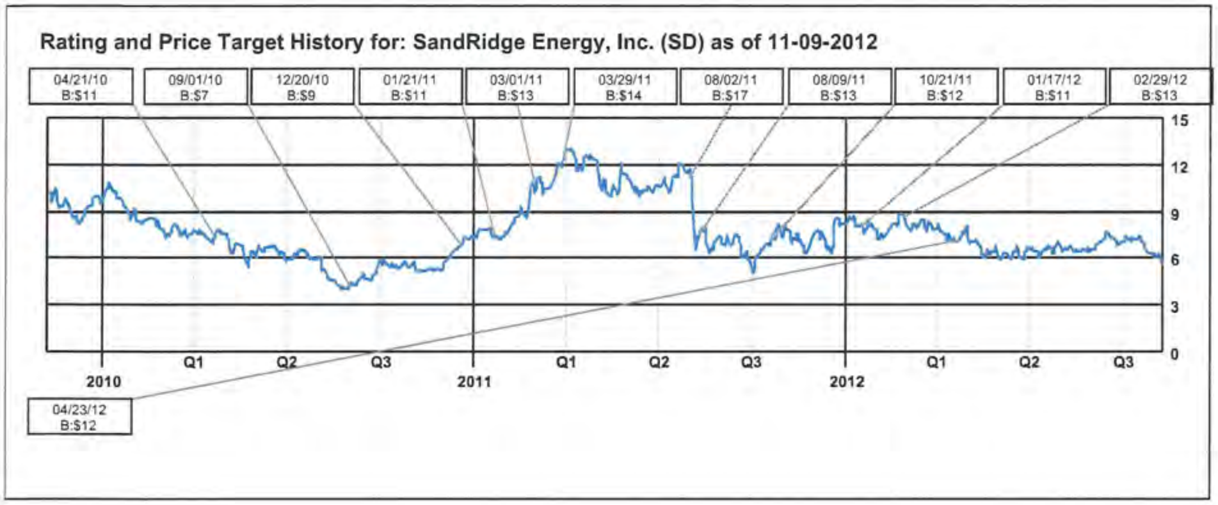
Rating and Price Target History for: SandRidge Energy, Inc. (SD) as of 11-09-2012
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9
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Q2
Q3
2010
2011
2012
04/23/12 B:$12

J.P.Morgan

North America Equity Research
16 November 2012

SandRidge Energy Inc.

Less Enthused but Still Think the Stock Is Cheap and Will Outperform

Overweight

SD, SD US

Price: $5.34

▼ **Price Target: $9.50**
Previous: $12.00

Oil & Gas Exploration & Production / Natural Gas

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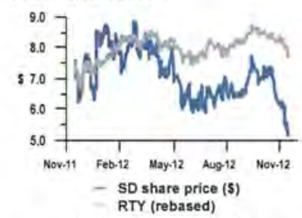
Price Performance



	YTD	1m	3m	12m
Abs	-34.8%	-25.5%	-17.8%	-29.1%
Rel	-38.7%	-18.4%	-13.5%	-32.7%

Last week, SandRidge reported earnings and disclosed new data on its Miss play. It also indicated that it plans to pursue a potential sale of its Permian assets. Some of its biggest shareholders are calling for significant changes in the company. We reduced our valuation on the Miss play and the shares, but we think the stock still is cheap and has catalysts. Thus, we think the stock will outperform.

- **Less enthused on Miss but still good play.** SD downgraded its Miss play on three fronts: it reduced the average per well oil cut, lowered the average per well EUR, and raised the average well cost. Despite the negative impact on rate of return, the Miss still appears to offer an attractive rate of return, using NYMEX futures prices, of around 25% (see Tables 1 and 2). And the scale of the play, with potentially 11,000 wells to drill, provides SD with the opportunity to add significant value.

- **Hit to NAV.** SD reduced its average Miss EUR from 456 MBoe to 422 MBoe and the oil cut per well from 45% to 37%. In our last model, we already had reduced the oil cut to 40%, but our new model reduces the life-of-well oil cut further to 37% and reduces the EUR to 422 MBoe. The higher average well cost mainly comes from the use of electrical submersible pumps (ESPs) to better move liquids and accelerate oil recovery. Current NYMEX NAV now is $8.40/share, down from our prior calculation of $11.22/share.

- **Investors get active.** Two of the biggest shareholders have written letters to the board demanding change including, but not limited to, a new CEO/Chairman; more independent board members with representatives of the top shareholders; and pursuit of strategic alternatives, including reconsideration of the Permian sale, sale of the GOM assets, or sale of the whole company.

- **Decreasing Dec 2013 target to $9.50/share.** Our price target for SD represents 95-100% of NYMEX NAV at YE13, a slight discount to where the group is trading. The E&P stocks are trading at 100-105% of current NYMEX NAV and, since the market seems to lack confidence in the company's financial position and strategy, we think the company will trade at a discount to the group median until that confidence grows.

SandRidge Energy Inc. (SD;SD US)

FYE Dec	2011A	2012E *(Prev)*	2012E *(Curr)*	2013E *(Prev)*	2013E *(Curr)*
CF/Sh ($)					
Q1 (Mar)	0.20	0.31A	0.31A	0.31	0.31
Q2 (Jun)	0.27	0.40A	0.40A	0.31	0.32
Q3 (Sep)	0.29	0.50A	0.50A	0.32	0.32
Q4 (Dec)	0.32	0.33	0.32	0.31	0.31
FY	1.08	1.53	1.53	1.24	1.26
Bloomberg CPS FY ($)	0.92	-	1.47	-	1.63

Source: Company data and J.P. Morgan estimates.

Company Data	
Price ($)	5.34
Date Of Price	16-Nov-12
52-week Range ($)	9.04 - 4.81
Mkt Cap ($ mn)	2,620.91
Fiscal Year End	Dec
Shares O/S (mn)	491
Price Target ($)	9.50
Price Target End Date	31 Dec 13

See page 15 for analyst certification and important disclosures.

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Mississippian

Miss Metrics

Below we show the Mississippian play new assumptions (Table 1) versus our prior assumptions (Table 2). The biggest changes include decreases in EUR and oil cut and an increase in costs.

Table 1: Economic of Average Mississippian Hz Well (New Assumptions)

Assumptions			
Assumed EUR (MBoe)	422	LOE ($/Mcfe)	$1.61
Oil %	37%[1]	Transportation ($/Mcfe)	$0.00
Gas %	63%	Production tax (%)	7.5%
Assumed 24-hr IP rate (Boepd)	402	Royalty (%)	20.0%
Discount rate (%)[3]	10.0%	Oil differential ($/Mcfe)	$4.00
Output ($3.45 MM current well cost)		**Output ($3.25 MM target well cost)**	
IRR	24.9%	IRR	27.4%
F&D ($/Mcfe)	$1.70	F&D ($/Mcfe)	$1.60
Break even gas price ($/Mcfe)[2]	$3.07	Break even gas price ($/Mcfe)[2]	$2.96
Break even crude price ($/Bbl)	$61.50	Break even crude price ($/Bbl)	$59.38
NPV ($ '000)	$2,445	NPV ($ '000)	$2,645

Source: Company reports and J.P. Morgan estimates. Note: IRR using NYMEX futures as of November 8, 2012 ($86.49/Bbl and $4.54/Mcf long-term). [1] First month: 55% oil, third year: 37% oil, and 10th year: 33% oil. [2] Using Oil/Gas multiple of 18.4x. [3] Use 10% discount rate to calculate NPV.

Table 2: Economic of Average Mississippian Hz Well (Old Assumptions)

Assumptions			
Assumed EUR (MBoe)	456	LOE ($/Mcfe)	$1.61
Oil %	45%	Transportation ($/Mcfe)	$0.00
Gas %	55%	Production tax (%)	7.5%
Assumed 24-hr IP rate (Boepd)	380	Royalty (%)	20.0%
Discount rate (%)[2]	10.0%	Oil differential ($/Mcfe)	$4.00
Output ($3.45 MM current well cost)		**Output ($3.25 MM target well cost)**	
IRR	32.7%	IRR	35.5%
F&D ($/Mcfe)	$1.58	F&D ($/Mcfe)	$1.48
Break even gas price ($/Mcfe)[1]	$2.58	Break even gas price ($/Mcfe)[1]	$2.50
Break even crude price ($/Bbl)	$51.82	Break even crude price ($/Bbl)	$50.11
NPV ($ '000)	$4,126	NPV ($ '000)	$4,326

Source: Company reports and J.P. Morgan estimates. Note: IRR using NYMEX futures as of November 8, 2012 ($86.49/Bbl and $4.54/Mcf long-term). [1] Using Oil/Gas multiple of 18.4x. [2] Use 10% discount rate to calculate NPV.

Management indicated that SD's change in assumptions primarily came from more data. When SD unveiled its 456 MBoe EUR assumption in February 2012, it appears to us that it based its assumptions on around 120 wells with 60 days of production, 70 wells with 180 days of production and 35-40 wells with 365 days of production. Over the course of the past nine months, it now has more wells (at least 160 wells with one year of production) and more production history for a greater number of wells. Also impacting the data is the use of ESPs. The ESPs cause the oil IP rate to be higher but the first year decline rate to be steeper as well (previous first year oil decline rate was 63% but now it is 77%). In 2013, SD estimates that it will use ESPs on around 40% of its wells.

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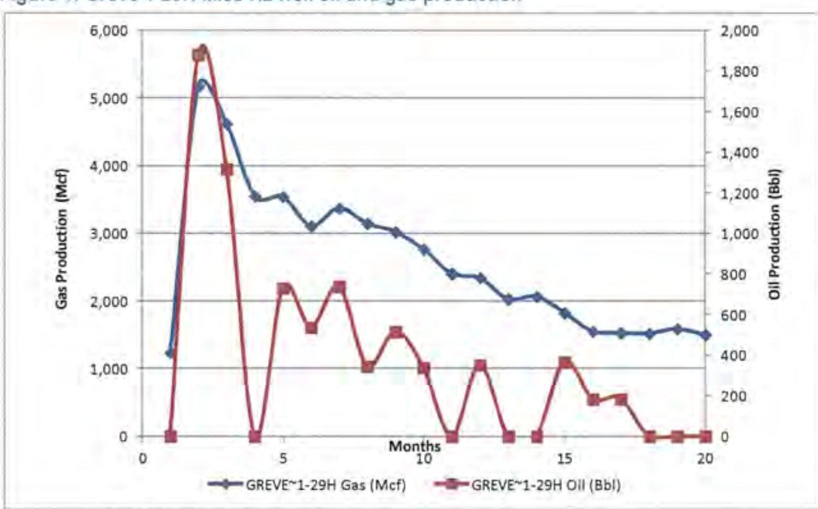
Flaws in Public Well Data

Some investors question the economics of the Miss, partly based on the public data available from the Oklahoma Corporation Commission (OCC) and the Oklahoma Tax Commission (OTC). The public data might be useful, but flaws in the data require analysts to be very careful in working with the data.

Of 30 randomly selected wells from the publicly available database, 28 have flaws in the oil production and one of the remaining two has flaws with the natural gas data. In the 28 oil production data problems, the data have missing oil production during certain months. Graph 1 shows an example of the flawed data. For this example, we use the Greve 1-29H well. The oil curve below shows that, after the initial peak rate, the oil curve drops to zero during seven months, including the last three months. In reality, the production does not drop to zero. It is a data integrity problem. If analysts use this data to calculate an average EUR for SD's wells, the data will suggest a lower EUR than SandRidge's estimate of 422 MBoe per well. For some reason, the problem occurs most often with oil data but it also occurs with gas data.

Figure 1: Greve 1-29H Miss Hz well oil and gas production



Source: HPDI and J.P. Morgan estimates.

Though we are unsure how reliable the data are for the non-zero months, we took the data from a random selection of SD wells and eliminated the zero months. The data confirm SD's estimate of a 77% first-year decline for oil and a 60% first-year decline for gas.

Table 3: Actual First Year Decline Versus Company Guidance

	Total	Gas	Oil
Actual average first year decline	N/A	64%	79%
Company guidance first year decline	69%	60%	77%

Source: Company and J.P. Morgan estimates.

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Production by Region

Miss is Growing

We expect total production (liquids and gas) to increase 6% from 4Q12 to 4Q13 and 18% from FY12 to FY13. The combination of Miss growing and the Permian declining contributes to overall 2% liquids production growth from 4Q12 to 4Q13 and 10% growth from FY12 to FY13.

We model SD's liquids production in the Mid-Continent region (mostly from Miss Hz wells) to increase 41% from 4Q12 to 4Q13 (see Table 4). The company stated that it expects Miss Hz oil production growth to be 55-60% from YE12 to YE13. Due to lower Permian spending, we estimate liquids production in the Permian to decrease 19% from 4Q12 to 4Q13.

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Table 4: Regional Production Assumptions

	1Q12	2Q12	3Q12	4Q12	FY12	1Q13	2Q13	3Q13	4Q13	FY13	4Q12-4Q13 Growth
Gas (MMcfpd)											
Permian	29.9	27.4	27.9	26.5	27.9	24.6	22.9	21.3	19.8	22.2	-25%
WTO	59.6	55.9	50.7	45.6	52.9	41.1	37.0	33.3	29.9	35.3	-34%
E. Texas	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA
GOM	2.8	62	92.9	92.9	62.8	92.9	92.9	92.9	92.9	92.9	0%
Gulf Coast	7.3	7.3	10.4	10.4	8.9	9.4	8.4	7.8	7.4	8.2	-29%
Mid-Con	73.4	88	113.6	130.6	101.5	143.7	158.1	172.3	186.1	165.2	42%
Tertiary	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA
Total gas production	**173.0**	**240.6**	**295.5**	**306.1**	**254.1**	**311.7**	**319.3**	**327.5**	**336.1**	**323.7**	**10%**
Oil+NGL (Mbblpd)											
Permian	25.7	24.8	26.1	25.6	25.5	24.3	23.1	21.9	20.8	22.5	-19%
WTO	0.2	0.3	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0%
E. Texas	0	0	0	NA	0.0	NA	NA	NA	NA	0.0	NA
GOM	0.7	10.9	13.1	13.1	9.5	13.1	13.1	13.1	13.1	13.1	0%
Gulf Coast	0.5	0.5	0.7	0.7	0.6	0.7	0.7	0.7	0.7	0.7	-4%
Mid-Con	9.8	13	13.7	13.7	12.6	14.9	16.3	17.7	19.3	17.1	41%
Tertiary	0.8	0.6	0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	NA
Total liquids production	**37.7**	**50.1**	**53.8**	**53.2**	**48.7**	**53.1**	**53.2**	**53.6**	**54.0**	**53.5**	**2%**
Total (MBoepd)											
Permian	30.7	29.4	30.8	30.0	30.2	28.4	26.9	25.5	24.1	26.2	-20%
WTO	10.1	9.6	8.7	7.7	9.0	6.9	6.3	5.6	5.1	6.0	-34%
E. Texas	0.0	0.0	NA	NA	NA	NA	NA	NA	NA	NA	NA
GOM	1.2	21.2	28.6	28.6	19.9	28.6	28.6	28.6	28.6	28.6	0%
Gulf Coast	1.7	1.7	2.4	2.4	2.1	2.3	2.1	2.0	1.9	2.1	-22%
Mid-Con	22.0	27.7	32.6	35.5	29.5	38.9	42.6	46.5	50.4	44.6	42%
Tertiary	0.8	0.6	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	NA
Total production	**66.5**	**90.2**	**103.1**	**104.2**	**91.1**	**105.1**	**106.5**	**108.1**	**110.1**	**107.4**	**6%**

Source: Company reports and JPMorgan estimates.

Permian

Several investors have questioned SD's decision to sell the Permian. On the one hand, selling the Permian, because of its high-margin production, has an outsized impact on EBITDA. On the other hand, it makes sense to sell oil assets when the price of oil is relatively high, and SD needs some funds to cover the capex-minus-operating cash flow deficit.

Investors also are questioning the quality of the Permian, given that SD will have spent $500 MM of capex in 2012 and production from 4Q11 to 4Q12 appears flat. It is true the growth is not stellar, but one has to adjust 4Q12 production for the June 2012 sale of 1,100 Boe/d (non-core West Texas tertiary assets). Thus, 4Q11 to 4Q12 production really is around 3%, adjusted for the asset sale.

We analyzed whether or not SD's $500 MM investment in the Permian to grow 3% appears reasonable. Our conclusion is that SD effectively is spending $59k/Boepd to add the production it will have added between 4Q11 and 4Q12 (assuming a 25% base decline rate). The E&P group is trading at around $66k/Boepd and the oiliest companies are trading over $120k/Boepd. On that measure, SD's Permian seems fine.

At YE11, the PV-10 of SandRidge's Permian was $3.9 Bn (using $92.71 WTI oil and $4.12 Henry Hub). The third-party interest in the Permian royalty trust had a

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PV-10 of $600 MM. Thus, the proved reserves for potential sale had a YE11 PV-10 of around $3.3 Bn. 58% of SD's YE11 reserves were proved developed and 42% PUDs.

Using NYMEX futures, we value the undrilled locations (PUDs and unbooked locations) at $1 Bn. We value the proved developed reserves at approximate $2.6 Bn. Backing out the value of the royalty trust assets of $436 MM (using NYMEX), values the total package at $3.2 Bn ($1 Bn + $2.6 Bn - $0.4 Bn).

This $3.2 Bn implies a flowing barrel value of around $125k/Boepd, just below the level at which the oiliest E&Ps are trading. Our model assumes that the company would receive $2.6 Bn, a 15-20% discount to where the oiliest companies are trading on a flowing barrel basis. If SD were to sell to an MLP, it is possible that it could receive above this $2.6 Bn value.

Investors Get Active

Two of SD's biggest holders are making demands of the company. The summary of the recommendations are below. One of the complaints is SD's high G&A compared to that of its peers. The company's FY12 G&A is $1.04/Mcfe versus its mid-cap peers of $0.57/Mcfe and the group median of $0.66/Mcfe.

Table 5: Summary of Demands by TPG-Axon and Mount Kellett

Fund	TPG-Axon	Mount Kellett
Shares/Ownership	30.5 MM shares of common stock/6.2%	22.2 MM shares of common stock/4.5%
Letter date	11/8/2012	11/15/2012
Recommendations	1. Board reconfiguration: Independent directors replacing certain directors and large shareholders should be invited to join.	1. Tom Ward should be replaced as Chairman and CEO with a seasoned executive who can restore credibility.
	2. Management reconfiguration: Bring in new management - Tom Ward's credibility is too damaged.	2. Board should be strengthened by adding new, truly independent directors.
	3. Hire an advisor to explore strategic alternatives: Consider sale of company.	3. No hasty strategic actions, such as quick sale of Permian assets.
		4. Future direction of SD should be fully evaluated by a reconstituted board and management team; including potential sale of the entire company or a more limited divesture of ill-fitting assets, such as Dynamic Offshore.
Value of SD	$12-14/share	>$20/share

Source: Bloomberg, and J.P. Morgan estimates.

We would expect the company to take some actions in response to these shareholders' demands.

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SD Liquidity and Balance Sheet

Our model does not include a sale of the Permian or other assets. We generally model asset sales only after a company announces an agreement or completion of such a sale.

Overall, from 4Q12 to YE17, we estimate that SD has a $2.7 Bn funding gap. If we add the 3Q12 ending cash balance of $674 MM, the net funding gap is $2.1 Bn. Over this period, we model the company issuing a net $2 Bn of debt (combination of senior notes and revolver draws) to fund the cash outspend. SD has other options, including sales of non-core assets (including royalty trust units), sale of the Permian, and potential JV of the Kansas Miss Hz acreage, but we have modeled only debt issuances at this time.

4Q12. In our model, we assume that SD will be fully funded in 4Q12 with nothing drawn on its $775 MM revolver. SD uses cash on hand to fund its outspend.

2013. For 2013, we model SD using cash on hand and drawing $620 MM under its $775 MM revolver to cover its $1 Bn funding gap. Net Debt/EBITDA stays the same at 3.5x at YE13 as at YE12, still higher than the group median of 1.8x.

2014. To cover the FY14 $677 MM funding gap, we model SD issuing $1 Bn of senior notes. 2014 Net Debt/EBITDA decreases to 3.3x despite the senior notes issuance, but it still is higher than the group median of 1.3x.

2015. In FY15, SD has a funding gap of $522 MM and draws down $200 MM under its revolver. We estimate SD exits YE15 with Net Debt/EBITDA of 3.3x versus the group median of 0.9x.

2016. In FY16, SD has a funding gap of $256 MM and draws down $250 MM under its revolver. We estimate SD exits YE16 with Net Debt/EBITDA at 3.3x versus the group median of 0.9x.

2017. In FY17, SD becomes cash flow (DCF-capex) positive in 2Q12 and is able to pay down debt starting in 3Q17. We estimate SD exits YE17 with Net Debt/EBITDA of 2.8x versus the group median of 0.9x.

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Table 6: SD Liquidity and Balance Sheet

($ MM) Assuming JPM price deck	4Q2012	2013	2014	2015	2016	2017
Discretionary Cash Flow	**190**	**735**	**923**	**1,078**	**1,344**	**1,642**
Total E&P Capex	(410)	(1,550)	(1,400)	(1,400)	(1,400)	(1,400)
Oilfield Services	(7)	(30)	(30)	(30)	(30)	(30)
Midstream and Other	(42)	(170)	(170)	(170)	(170)	(170)
Reserve/Acreage/Asset Acquisitions	5	0	0	0	0	0
Preferred Stock Dividends	0	0	0	0	0	0
Common Stock Dividends	0	0	0	0	0	0
Cash Outspend	**(264)**	**(1,015)**	**(677)**	**(522)**	**(256)**	**42**
Reserve/Acreage/Asset Divestitures	0	0	0	0	0	0
Debt Financing/Payment	0	620 [1]	1,000 [2]	200 [3]	250 [4]	(30) [5]
Other Financing	0	0	0	0	0	0
Net Cash Inflow/(Outflow)	**(264)**	**(395)**	**323**	**(322)**	**(6)**	**12**
Beginning Cash	674	410	15	338	15	9
Ending Cash	**410**	**15**	**338**	**15**	**9**	**22**
Outstanding on Revolver	0	620	620	820	1,070	1,040
Corporate Credit Facility	775	775	775	775	775	775
Availability under Revolver	**775**	**155**	**155**	**(45)**	**(295)**	**(265)**
Net Debt/EBITDA	**3.5x**	**3.5x**	**3.3x**	**3.3x**	**3.0x**	**2.8x**
Group Median Net Debt/EBITDA	**2.3x**	**1.8x**	**1.3x**	**0.9x**	**0.9x**	**0.9x**

Source: Company reports and JPMorgan estimates. Note: [1] Assume $620 MM drawn under the revolver. [2] Assume $1 Bn of senior notes. [3] Assume $200 MM drawn under the revolver. [4] Assume $250 MM drawn under the revolver. [5] Assume pay down of $30 MM under the revolver.

Assuming $2.6 Bn of Permian proceeds in 2Q13 (if SD sells the Permian), we model SD being cash flow positive by YE17, just two quarters earlier than SD would be without the Permian sale. Although Net Debt/EBITDA would go down to 1.4x in 2Q13 with the Permian proceeds, we model SD's leverage ratio going back up to 2.9x by YE17. Permian proceeds would help bridge the company's 4Q12 to YE17 total funding gap of $2.7 Bn. $2.6 Bn of Permian proceeds in combination with $674 MM cash and $775 MM of undrawn revolver ($4 Bn total) is more than enough to cover SD's outspend until the company is cash flow positive in 2017. SD does not have to sell the Permian, in our view. The company's options include debt, another Miss JV, and/or additional trust unit sales.

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Estimates

Table 7: Estimates

	4Q12E	FY12E	FY13E
EPS ($/share)			
JPM	($0.02)	$0.14	($1.12)
Consensus Median	$0.02	$0.18	($1.09)
CFPS ($/share)			
JPM	$0.32	$1.53	$1.26
Consensus Median	$0.36	$1.48	$1.62
Henry Hub ($/Mcf)			
JPM U.S. E&P	$3.46	$2.82	$4.25
Consensus Median	$3.10	$2.71	$3.66
WTI Oil ($/Bbl)			
JPM U.S. E&P	$90.00	$94.63	$100.00
Consensus Median	$93.00	$95.00	$100.00

Source: Bloomberg, J.P. Morgan estimates. Consensus data is as of November 16, 2012. JPM CFPS estimates might be lower than consensus because we deduct capitalized interest and G&A to calculate discretionary cash flow.

Investment Thesis

Despite the hit to NAV, SD still appears to be one of the cheapest stocks in our coverage group and one of the few trading around Proved Reserves NAV using NYMEX prices. Overhanging the stock is the possibility of unsuccessful asset sales and/or a liquidity pinch. SD has a ~$2.7 Bn 4Q12-2017 funding gap until it becomes cash flow positive in 2Q17. The company seems to be selling the Permian as a way to fund its Miss Hz growth. SD can sell the Permian, JV its Miss Hz Kansas acreage, issue debt and/or sell its royalty trust units to bridge its funding gap.

As investors feel more comfortable about SD's ability to cover its funding gap, spend within or close to its guidance, hit its production targets, have positive well results in the Kansas Miss, and re-confirm the economic viability of the whole Miss play, the stock likely will move closer to NAV. Positive actions in response to shareholder demands also likely will help the stock outperform. We rate the stock Overweight.

Valuation

Table 8: Price Targets
$/share

JPM	Consensus		
	Median	Low	High
$9.50	$8.25	$4.00	$13.00

Source: J.P. Morgan estimates. Consensus from November 16, 2012.

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Table 9: Comps
$/share

Valuation	SD	E&P Group	Mid Caps	Comps
P/NYMEX NAV	63%	100%	91%	101%
P/JPM NAV	35%	56%	53%	63%
EV/FY13 EBITDA	4.8x	4.8x	5.3x	4.4x
Implied YE13 EV/FY14 EBITDA	6.4x [1]	4.7x	5.8x	4.6x

Source: J.P. Morgan estimates. Note: Comps include XEC, CXO, CLR, PXD, SM, and WLL. [1] Assume $9.50/share YE13 PT.

We base our $9.50/share Dec-13 price target on 95-100% of YE13 NYMEX NAV, which is trading at a slight discount with where the group is trading relative to current NYMEX NAV. The E&P stocks are trading at 100-105% of NYMEX NAV and, since SD has liquidity risk, we think the company will trade at a discount to the group median.

We take our current NYMEX NAV and roll it forward to YE13 using our estimate of the company's WACC. We calculate current NAV using a discounted cash flow (DCF) model.

Our NAV model starts with an estimate of the company's proved reserves and then estimates the value of unbooked reserves (probable, possible and other potential). Therefore, our NAV model includes credit for 3P+ (3P—proved, probable, and possible—plus other potential that is not in the 3P categories). It also adjusts for hedges, other assets, and other balance sheet items.

• WACC: 10.5%

Table 10: JPM and NYMEX Price Decks

	2011	2012e	2013e	Beyond
JPM WTI Oil ($/bbl)	$95.05	$94.63	$100.0	$100.00
JPM Henry Hub Gas($/Mcf)	$4.06	$2.82	$4.25	$5.50
NYMEX WTI Oil ($/bbl)	$94.06	$94.79	$88.17	$87.12
NYMEX Henry Hub Gas($/Mcf)	$4.04	$2.79	$3.90	$4.50

Source: J.P. Morgan.

We base our price target on NYMEX NAV, and that appears to be what the market is using to value the E&Ps. However, we think that, over time, the market will reflect higher commodity prices in the stocks, so we detail the NAV below using our price deck. Please see the NAV model for the JPM and NYMEX NAV details.

JPM Net Asset Value. Based on the JPM price deck in Table 10, we calculate an NAV of $15.08/share. In our analysis, we value the proved reserves alone (minus balance sheet, cash taxes and G&A) at $7.33/share. Some of the value of the stock is the significant potential that is unbooked. We risk that potential and value it at $7.75/share after deducting corporate cash charges associated with that production, including cash income taxes and G&A. The main components of SD's (unbooked) potential include:

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- **Mississippian Horizontal (including Extension Mississippian play).** 80%, or \$15.07/share, of the \$18.73/share gross potential (before deducting cash taxes and G&A) is for the unbooked potential in this area.
- **Permian.** 16%, or \$3.03/share, of the \$18.73/share gross potential (before deducting cash taxes and G&A) is for the unbooked potential in this area.
- **Piñon Field.** 1%, or \$0.20/share, of the \$18.73/share gross potential (before deducting cash taxes and G&A) is associated with the high CO_2 wells in the Warwick and Tesnus thrusts of the Piñon Field. SandRidge holds a large acreage position in the West Texas Overthrust, and the Piñon field is the most established field in the area. However, SD currently is drilling no wells in the Piñon field.

Risks to Rating and Price Target

Funding gap. If SD increases spending more than we have modeled and is not able to successfully complete potential monetizations, the stock could underperform.

Miss well results. If well results are, on average, below the company's estimates, the stock likely will underperform. The company is assuming a b factor of 1.8 for its oil production and 3 for gas. If these b factors prove to be too high and the average EUR consequently appears too high, the stock could underperform.

Stock market and the economy. E&Ps appear to have a strong correlation to the overall stock market and the economy. If the market and the economy perform worse than we expect, the stock could underperform our expectations.

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SD NAV

Assumptions

Commodity Price Options:	J.P. Morgan Gas	J.P. Morgan Oil	NYMEX Futures Gas	NYMEX Futures Oil	Custom Deck Gas	Custom Deck Oil
2007-A	$6.86	$72.30	as of	11/15/2012		
2008-A	$9.05	$99.68				
2009-A	$3.99	$62.22				
2010-A	$4.39	$79.50	$4.39	$77.33	$4.39	$79.50
2011-A	$4.06	$95.05	$4.04	$94.06	$3.50	$80.00
2012-E	$2.82	$94.63	$2.79	$94.79	$3.50	$80.00
2013-E	$4.25	$100.00	$3.90	$88.17	$3.50	$80.00
Beyond	$5.50	$100.00	$4.50	$87.12	$3.50	$80.00

Commodity Price
- J.P. Morgan Price Deck (selected)
- NYMEX Futures
- Other Price Deck

Discounting

Period Ending	3Q12
Disc. Rate 1	10.5%
Disc. Rate 2	10.5%

Shares Outstanding:

Common Shares Outstanding	490.8	as of 3Q12
Potential Dilution incl. Merger	90.5	
Total Potential Shares	**581.3**	

Escalation Assumptions

Commodity Price	0.0%
G&A Costs	0.0%
LOE Costs	0.0%
Service & Drilling Costs	0.0%

Valuation Breakdown

PROVED RESERVES (at YE11)	UnRsk Rsrv (Bcfe)	Reserves Risking	Rsk Rsrv (Bcfe)	J.P. Morgan Prices: Discounted Net CF	J.P. Morgan Prices: Value Per Share	Pre-Tax PV-10	NYMEX Strip Prices: Discounted Net CF	NYMEX Strip Prices: Value Per Share
U.S. Proved Developed Reserves	1,385	0.0%	1,385	$4,023	$6.92	$2.90	$3,402	$5.85
U.S. Proved Undeveloped Reserves	1,439	0.0%	1,439	$3,381	$5.82	$2.35	$2,441	$4.20
SDT, PER Proved Reserves (3rd Party Ownership)	(160)	0.0%	(147)	($906)	($1.56)	$6.17	($805)	($1.38)
Dynamic Offshore Resources Proved Reserves	375	0.0%	375	$2,106	$3.62	$5.62	$1,751	$3.01
West Texas Proved Reserves	(144)	0.0%	(144)	($110)	($0.19)	$0.77	($21)	($0.04)
SDR Proved Reserves (3rd Party Ownership)	(94)	0.0%	(85)	($406)	($0.70)		($357)	($0.61)
YTD adjustment (add PUD capex, subtract proved cash flow)				859	$1.48		$859	$1.48
Total Value Of Proved Reserves	**2,801**		**2,823**	**$8,946**	**$15.39**	**$3.17**	**$7,271**	**$12.51**
BALANCE SHEET (As of 3Q12):				Value	Per Share		Value	Per Share
Long-Term Debt				($4,300)	($7.40)		($4,300)	($7.40)
Other Liabilities (excludes taxes, ARO, & derivative liabilities)				($70)	(0.12)		($70)	(0.12)
Net Working Capital (excludes taxes, ARO, and derivative liabilities)				$314	0.54		$314	0.54
Investments & Other Assets (excludes goodwill)				$824	1.42		$824	1.42
Net Balance Sheet				**($3,232)**	**($5.56)**		**($3,232)**	**($5.56)**
				Value	Per Share		Value	Per Share
Discounted Future Cash G&A (Proved Reserves)				($986)	(1.70)		($986)	(1.70)
Discounted Cash Taxes (Proved Reserves)	90%	Assumed Tax Shield		($400)	(0.69)		($390)	(0.67)
Present Value Of Hedges				($69)	(0.12)		$283	0.49
Other Costs / Revenue				**($1,456)**	**($2.50)**		**($1,093)**	**($1.88)**
Value Of Proved Reserves (After Taxes, Balance Sheet, & Hedges)				**$4,259**	**$7.33**		**$2,946**	**$5.07**
RISKED POTENTIAL (Everything Unbooked at YE11)			Rsk Rsrv (Bcfe)	Disc Future Net CF	Value Per Share	Pre-Tax PV-10	Disc Future Net CF	Value Per Share
Warwick - Piñon Field			3,290	0	0.00	0.00	0	0.00
Tesnus - Piñon Field			476	0	0.00	0.00	0	0.00
Permian			1,362	1,761	3.03	1.29	1,085	1.87
CO2 Credits			338	119	0.20	0.35	119	0.20
Adding back PD Tails			130	118	0.20	0.91	87	0.15
GOM			99	67	0.12	0.68	0	0.00
Mississippian - Horizontal - Core			6,376	7,638	13.14	1.20	5,170	8.89
Mississippian - Horizontal - Extension (Kansas)			1,715	1,123	1.93	0.65	594	1.02
Gulf Coast			17	61	0.11	3.71	45	0.08
Other Capex and Subtracting PUDs already included			(1,295)	(4,626)	(7.96)	3.57	(3,686)	(6.34)
Gross Potential NAV			**12,507**	**$6,262**	**$10.77**	0.50	**$3,413**	**$5.87**
YTD adjustment (add exploration capex, subtract cash flow from potential reserves)				73	0.13		73	0.13
Discounted Future Cash G&A (Potential Reserves)				(1,614)	(2.78)	NA	(1,614)	(2.78)
Discounted Cash Taxes (Potential Reserves)				(215)	(0.37)	NA	64	0.11
Other Costs				**($1,757)**	**($3.02)**		**($1,478)**	**($2.54)**
Total Potential NAV				**$4,505**	**$7.75**		**$1,935**	**$3.33**
Total Current NAV / Share			**15,329**	**$8,764**	**$15.08**		**$4,881**	**$8.40**

Source: J.P. Morgan, Company Reports

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SD Model

JPM U.S. E&P	2011 Quarterly Estimates				2012 Quarterly Estimates				Full Year Results/Estimates		
COMMODITY PRICE DECK:	Q1-A	Q2-A	Q3-A	Q4-A	Q1-A	Q2-A	Q3-A	Q4-E	2011-A	2012-E	2013-E
Natural Gas (Henry Hub Bid Week)	$4.12	$4.35	$4.22	$3.54	$2.73	$2.20	$2.88	$3.46	$4.06	$2.82	$4.25
Crude Oil (WTI Cushing Spot)	$94.46	$102.28	$89.51	$94.03	$102.99	$93.45	$92.14	$90.00	$95.05	$94.63	$100.00
Price Realizations (after hedging)											
Natural Gas ($/Mcf)	$3.44	$3.31	$3.08	$3.11	$2.35	$2.39	$2.23	$2.96	$3.23	$2.51	$3.89
Crude Oil ($/bbl)	$72.26	$76.26	$76.94	$79.28	$86.27	$89.76	$91.84	$92.16	$76.41	$90.32	$88.96
NGLs ($/bbl)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PRODUCTION VOLUMES:											
Natural Gas (Bcf)	17.3	17.2	17.9	16.9	15.7	21.9	27.2	28.2	69.3	93.0	118.2
Crude Oil (MMbbl)	2.6	2.8	3.2	3.3	3.4	4.6	4.9	4.9	11.8	17.8	19.5
NGLs (MMbbl)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Production (Bcfe)	**32.8**	**33.8**	**37.1**	**36.6**	**36.3**	**49.2**	**56.8**	**57.6**	**140.3**	**199.9**	**235.4**
% Natural Gas	53%	51%	48%	46%	43%	44%	48%	49%	49%	47%	50%
INCOME STATEMENT: ($MM)											
E&P Revenue	$257	$294	$309	$310	$215	$644	$387	$534	$ 1,170	$ 1,781	$ 2,198
Operating Costs	(193)	(208)	(220)	(223)	(236)	(342)	(372)	(386)	(844)	(1,336)	(1,587)
Operating Income (EBIT)	**64**	**86**	**89**	**87**	**(21)**	**302**	**15**	**148**	**326**	**445**	**611**
Net Interest Expense	($59)	($62)	($59)	($57)	($67)	($69)	($82)	($93)	$ (238)	$ (310)	$ (378)
Other	(307)	192	607	(424)	(128)	585	(93)	4	69	367	(20)
Pretax Income	**($302)**	**$216**	**$637**	**($394)**	**($216)**	**$818**	**($160)**	**$59**	**$157**	**$502**	**$213**
Effective Tax Rate	0%	0%	0%	0%	0%	-13%	0%	0%	-4%	-21%	0%
Preferred Dividends / Minority Interest	(14)	(27)	(75)	6	(16)	(113)	(25)	(69)	(110)	(222)	(283)
Reported Net Income	**($316)**	**$196**	**$561**	**($389)**	**($232)**	**$809**	**($184)**	**($9)**	52	383	(70)
Non-Recurring Items (After tax)	292	(212)	(558)	398	253	(772)	214	0	(80)	(305)	0
Recurring Earnings	**$ (24)**	**$ (16)**	**$ 3**	**$ 9**	**$ 21**	**$ 37**	**$ 30**	**$ (9)**	**$ (28)**	**$ 78**	**$ (70)**
Recurring EPS (Diluted)	**($0.02)**	**($0.00)**	**$0.03**	**$0.02**	**$0.04**	**$0.07**	**$0.05**	**($0.02)**	**($0.06)**	**$0.14**	**($0.12)**
Basic Shares Outstanding	398	398	399	399	401	461	476	493	399	458	493
Diluted Shares Outstanding	496	496	498	498	500	561	567	583	497	553	583
DISCRETIONARY CASH FLOW: ($MM)											
Recurring Net Income	($24)	($16)	$3	$9	$21	$37	$30	($9)	($28)	$78	($70)
DD&A (E&P and Non E&P)	87	89	100	104	104	163	192	196	380	655	804
Exploration Expense	0	0	0	0	0	0	0	0	0	0	0
Deferred Taxes	0	0	0	0	0	(103)	0	(0)	0	(103)	(0)
Other	23	33	(34)	51	28	126	60	0	73	213	0
Discretionary Cash Flow	**$ 100**	**$ 134**	**$ 144**	**$ 158**	**$ 153**	**$ 222**	**$ 281**	**$ 187**	**$ 535**	**$ 843**	**$ 735**
DCF / Share	**$0.20**	**$0.27**	**$0.29**	**$0.32**	**$0.31**	**$0.40**	**$0.50**	**$0.32**	**$1.08**	**$1.53**	**$1.26**
Adjusted E&P EBITDAX *	$138	$162	$175	$177	$69	$449	$191	$326	$652	$1,035	$1,341
UNIT COSTS ($/MCFE):											
Revenue	$7.83	$8.69	$8.32	$8.48	$5.91	$13.09	$6.81	$9.29	$8.34	$8.91	$9.34
Lease Operating Expense	($2.26)	($2.42)	($2.33)	($2.20)	($2.29)	($2.49)	($2.41)	($2.46)	($2.30)	($2.42)	($2.42)
Severance and Other Taxes	($0.32)	($0.37)	($0.28)	($0.34)	($0.34)	($0.22)	($0.23)	($0.28)	($0.33)	($0.26)	($0.32)
DD&A	($2.26)	($2.25)	($2.34)	($2.45)	($2.47)	($2.99)	($3.08)	($3.10)	($2.33)	($2.95)	($3.10)
G&A	($1.05)	($1.11)	($0.98)	($1.10)	($1.39)	($1.25)	($0.82)	($0.87)	($1.06)	($1.04)	($0.90)
Operating Margin	$1.95	$2.54	$2.39	$2.39	($0.58)	$6.13	$0.27	$2.57	$2.32	$2.22	$2.60
Cash Margins	$4.20	$4.79	$4.73	$4.84	$1.89	$9.12	$3.35	$5.67	$4.65	$5.18	$5.70

ASSET INTENSITY:

2011 DCF	$ 535	MM
2011 Prod	140	Bcfe
2011 PD F&D***	3.42	/Mcfe
Asset Intensity	90%	

F&D:

CAPEX	$1,744	$1,998	$1,550
RESERVES @ YE (Bcfe)	2,824	3,782	4,574
RESERVE REPLACEMENT	302.9%	579.0%	436.7%
All-in PD F&D ($/Mcfe)	$3.42	$3.10	$2.64
Free Cash Flow ($MM)**	$55	$222	$114
Ex-Leasehold PD F&D ($/Mcfe)	$3.09	$2.85	$2.33

***EBITDAX adds back exploration expense**
****Free Cash Flow is defined as Discretionary Cash Flow - Reserve Maintenance CAPEX**
*****Includes estimated capital spent on leasehold/acreage. E&D only PD F&D for 2011 is $3.09/Mcfe.**
******Includes estimated capital spent on leasehold/acreage. E&D only RAC for 2011 is $4.21/Mcfe.**
Source: J.P. Morgan estimates, company reports

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SandRidge Energy Inc.: Summary of Financials

Income Statement - Annual	FY11A	FY12E	FY13E	FY14E
Natural Gas Price (Henry Hub Bid Week) - $/MMBtu	4.06	2.82	4.25	-
Crude Oil (WTI Cushing Spot) -$/Bbl	95.05	94.63	100.00	-
Average Realized Price ($/Mcfe)-after hedging	8.0	9.2	9.3	-
Total Production(Bcfe)	140	200	235	-
%Natural Gas	49.4%	46.5%	50.2%	-
E&P Revenues (USD MM)	1,170	1,781	2,198	-
Operating expenses	844	1,336	1,587	-
EBIT	**326**	**445**	**611**	-
E&P EBITDAX	**652.2**	**1035.0**	**1340.9**	-
Interest Expense	(238)	(310)	(378)	-
Other Expenses	122	432	55	-
Pretax income	**157**	**502**	**213**	-
Tax rate (%)	(3.7%)	(20.6%)	(0.1%)	-
Preferred Dividends/Minority Interest	(110)	(222)	(283)	-
Reported net income	52	383	(70)	-
Non-recurring items, discont. ops	(80)	(305)	(0)	-
Adjusted net income	**(28)**	**78**	**(70)**	-
Recurring EPS (Diluted)	(0.08)	0.14	(0.12)	-
Average diluted shares outstanding	497	553	583	-
Discretionary Cash Flow	**535**	**843**	**735**	-
DCF/share	1.1	1.5	1.3	-
Unit Costs (USD Mcfe)				
Lease Operating Expense	2	2	2	-
Severance and Other Taxes	0.3	0.3	0.3	-
DD&A	2	3	3	-
G&A	1	1	1	-
Operating Margin	**2.02**	**2.53**	**2.60**	-
Cash Margin	**4.35**	**5.49**	**5.70**	-

	1Q12A	2Q12A	3Q12A	4Q12E
Natural Gas Price (Henry Hub Bid Week) - $/MMBtu	2.73A	2.20A	2.88A	3.46
Crude Oil (WTI Cushing Spot) -$/Bbl	102.99A	93.45A	92.14A	90.00
Average Realized Price ($/Mcfe)-after hedging	9.2A	9.4A	9.1A	9.3
Total Production(Bcfe)	36A	49A	57A	58
%Natural Gas	43.4%A	44.5%A	47.8%A	49.0%
E&P Revenues (USD MM)	215A	644A	387A	534
Operating expenses	236A	342A	372A	386
EBIT	**(21)A**	**302A**	**15A**	**148**
E&P EBITDAX	**68.7A**	**449.3A**	**190.6A**	**326.5**
Interest Expense	(67)A	(69)A	(82)A	(93)
Other Expenses	(114)A	600A	(77)A	22
Pretax income	**(216)A**	**818A**	**(160)A**	**59**
Tax rate (%)	(0.0%)A	(12.7%)A	(0.1%)A	(0.1%)
Preferred Dividends/Minority Interest	(16)A	(113)A	(25)A	(69)
Reported net income	(232)A	809A	(184)A	(9)
Non-recurring items, discont. ops	253A	(772)A	214A	0
Adjusted net income	**21A**	**37A**	**30A**	**(9)**
Recurring EPS (Diluted)	0.04A	0.07A	0.05A	(0.02)
Average diluted shares outstanding	500A	561A	567A	583
Discretionary Cash Flow	**153A**	**222A**	**281A**	**187**
DCF/share	0.3A	0.4A	0.5A	0.3
Unit Costs (USD Mcfe)				
Lease Operating Expense	2A	2A	2A	2
Severance and Other Taxes	0.3A	0.2A	0.2A	0.3
DD&A	2A	3A	3A	3
G&A	1A	1A	1A	1
Operating Margin	**2.67A**	**2.41A**	**2.51A**	**2.57**
Cash Margin	**5.14A**	**5.40A**	**5.59A**	**5.67**

Balance Sheet and Cash Flow Data	FY11A	FY12E	FY13E	FY14E
Cash and cash equivalents	208	418	23	-
Other current assets	234	556	556	-
Total current assets	**442**	**974**	**578**	-
Net PP&E	4,867	7,787	8,608	-
Other assets	911	1,074	1,199	-
Total assets	**6,220**	**9,835**	**10,385**	-
Total debt	**2,814**	**4,300**	**4,920**	-
Total liabilities	3,671	5,639	6,259	-
Minority interests/Preferred stock	-	-	-	-
Shareholders' equity	**2,541**	**4,196**	**4,126**	-
Discretionary Cash Flow	**535**	**843**	**735**	-
Change in working capital	(60)	(72)	0	-
Cash flow from operations	**475**	**771**	**735**	-
Capex	(1,744)	(1,998)	(1,550)	-
Dividends	0	0	0	-
Share buybacks (net)	14	13	0	-
Change in debt	97	(1,484)	(620)	-
Other uses of cash	1,581	(34)	(200)	-
Change in cash	**202**	**210**	**(395)**	-
Reserves @ YE (Bcfe)	2,824.0	3,781.7	4,574.4	-
Reserve Replacement	413	1,158	1,028	-
RAC (exc.Revisions)($/Mcfe)	4.2	2.5	1.6	-
Free cash flow (USDMM)**	-	-	-	-
Drilling Traditional F&D (USD Mcfe)	3	2	2	-

Ratio Analysis	FY11A	FY12E	FY13E	FY14E
Valuation				
P/E (adjusted)	(95.0)	37.6	(44.6)	-
P/DCF	-	-	-	-
Enterprise value/EBITDAX	9.5	6.9	6.1	-
EV/Mcfe	2.20	1.88	1.80	-
RLI (Years)	20	19	19	-
Ratios				
Net debt/equity	102.6%	92.5%	118.7%	-
Net debt/book capital	50.6%	48.1%	54.3%	-
Net coverage ratio	3.0	3.6	3.7	-
ROE	(1.3%)	2.1%	(1.7%)	-
ROCE	**4.4%**	**6.5%**	**3.5%**	-
Yield and cash returns				
CFPS	1.08	1.53	1.26	-
DCF yield	14.87%	26.03%	22.16%	-
Total cash returns(%)	-	-	-	-
PD Asset Intensity				
Production	140	200	235	-
PD F&D	**342.4%**	310.5%	263.5%	-
Asset Intensity	**0.9**	0.7	0.8	-
RODD	-	-	-	-
Mkt Cap (current) (USD bn)				
Enterprise Value (current)				

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec

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- **Lead or Co-manager:** J.P. Morgan acted as lead or co-manager in a public offering of equity and/or debt securities for SandRidge Energy Inc. within the past 12 months.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients: SandRidge Energy Inc..
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as investment banking clients: SandRidge Energy Inc..
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-investment-banking, securities-related: SandRidge Energy Inc..
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following company(ies) as clients, and the services provided were non-securities-related: SandRidge Energy Inc..
- **Investment Banking (past 12 months):** J.P. Morgan received in the past 12 months compensation for investment banking SandRidge Energy Inc..
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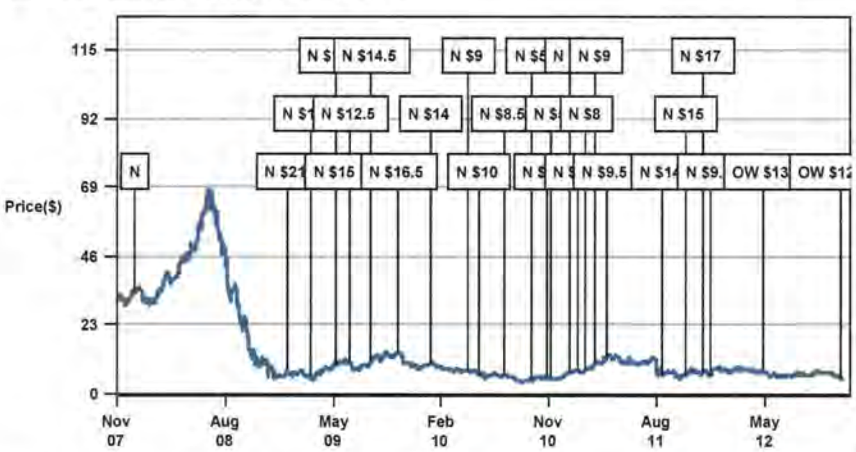
SandRidge Energy Inc. (SD, SD US) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Dec 17, 2007.

Date	Rating	Share Price ($)	Price Target ($)
17-Dec-07	N	35.01	-
07-Jan-09	N	8.44	21.00
05-Mar-09	N	6.18	18.50
07-May-09	N	9.66	15.50
08-May-09	N	11.11	15.00
12-Jun-09	N	11.01	12.50
07-Aug-09	N	10.87	14.50
15-Oct-09	N	13.75	16.50
05-Jan-10	N	10.42	14.00
09-Apr-10	N	7.64	9.00
07-May-10	N	6.78	10.00
12-Jul-10	N	6.20	8.50
17-Sep-10	N	4.92	5.00
25-Oct-10	N	5.77	5.50
05-Nov-10	N	5.86	5.00
23-Dec-10	N	7.28	6.00
12-Jan-11	N	7.83	6.50
03-Feb-11	N	7.62	8.00
25-Feb-11	N	10.53	9.00
25-Mar-11	N	12.13	9.50
18-Aug-11	N	6.72	14.00
13-Oct-11	N	6.54	15.00
29-Nov-11	N	6.91	17.00
19-Dec-11	N	6.30	9.50

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30-Apr-12	OW	7.54	13.00
09-Nov-12	OW	5.51	12.00

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
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J.P. Morgan Equity Research Ratings Distribution, as of September 28, 2012

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage	44%	44%	12%
IB clients*	52%	46%	34%
JPMS Equity Research Coverage	42%	48%	10%
IB clients*	69%	61%	53%

*Percentage of investment banking clients in each rating category.
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Grenadier
EXHIBIT NO. 6
6·19·19
P. Frederickson, CSR, CCR

Quick Thoughts

SunTrust Robinson Humphrey

SD- Results Appear Slightly Positive Provided Certain Steps Taken

November 8, 2012

Energy - Exploration & Production

Sector Rating: **Market Weight**

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SandRidge Energy (SD,$6.10,Buy) reported a bit of a mixed quarter and outlook. However, it appears that if a disciplined capital allocation policy is followed with SD primarily paying down debt (along with some new Horizontal Mississippi growth) with the proceeds of a Permian sale, the ultimate result should be positive.

Positive items reported:

- 3Q $0.05 versus STRH's $0.04 estimate and the Street's $0.00
- Many 3Q expenses such as LOE and G&A 10%+ lower than expected
- 2012 production guidance increased 1% versus prior guidance
- 2013 production guidance up 18%
- 2013 CAPEX 19% sequentially lower to $1.75B versus the expected 6% lower to $2.0B
- Announced it could sell all Permian not associated with royalty trusts=24,500 Boe/d production. (Assuming $90,000/flowing bbl proceeds would be $2.2B.)

Negative items reported:

- 3Q liquids volumes 6% less than expected
- 2012 CAPEX increased 2.4% versus prior guidance
- 2012 oil production guidance reduced 2%
- 2013 oil production guidance of +9.6% versus 20%+ expected
- Pro forma commodity makeup after Permian sale less oily given Permian ~65% pure oil versus Horizontal Mississippian ~35% pure oil

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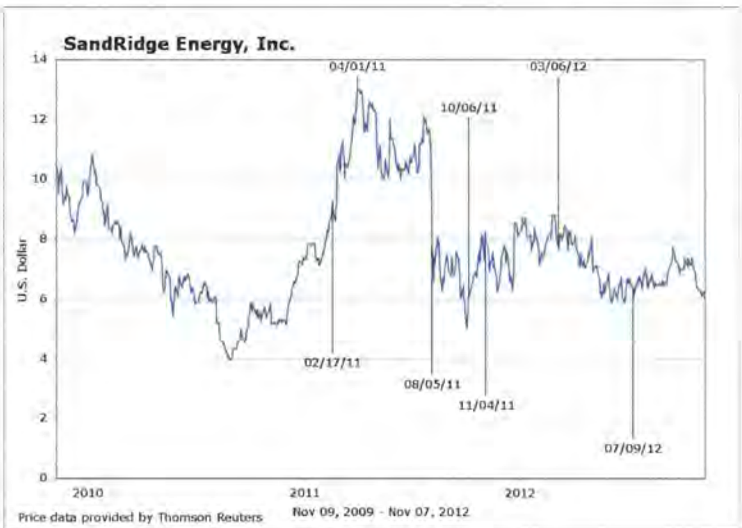

Rating And Price Target History (SD)			
Date	Rating	Target	Closing
01/04/2011	Buy	$11.00	$7.35
02/17/2011		$13.00	$9.28
04/01/2011		$18.00	$12.96
08/05/2011		$16.50	$7.79
10/06/2011		$12.50	$6.14
11/04/2011		$11.50	$7.86
03/06/2012		$12.00	$7.67
07/09/2012		$11.50	$6.41

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Moderate = Moderate stock price volatility reflected by medium predictability of financial results.
High = High stock price volatility reflected by inconsistent predictability of financial results.

Speculative = Greatest stock price volatility reflected by low predictability of financial results.
Venture = Recommended only for maximum risk oriented and well-diversified portfolios.

Our ratings are a function of the risk ranking (higher return expectations for higher risk) and the absolute expected total return (price appreciation plus dividends) that result in our estimated 12-month price target. Please refer to the grid below for additional detail.

Performance Definition Scale				
Total return (capital gain/loss + dividends) expected over the next 12 months				
Rating	**Low Risk**	**Moderate Risk**	**High Risk**	**Speculative**
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Neutral	-5% to 10%	-5% to 15%	-10% to 20%	-10% to 25%
Reduce	-5% or Worse	-5% or Worse	-10% or Worse	-10% or Worse

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Rating	**Count**	**Percent**	**Rating**	**Count**	**Percent***
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Neutral	191	56	Neutral	25	7
Sell/Reduce	0	0	Sell/Reduce	0	0

*Percentage of Investment Banking clients in Coverage Universe by rating

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